

Appendix: Legislative Actions



Appendix: Legislative Actions

Resolution R-302315

ATTACHMENT A

A resolution of the Council of the City of San Diego requesting that during the Fiscal Year 2008 budget process the Mayor provide the Council information regarding recommended service level reductions or programs proposed for elimination and other matters respecting the Fiscal Year 2008 budget process.

Resolution R-302331

ATTACHMENT B

A resolution of the Council of the City of San Diego requiring that the Mayor make certain reports to the Council regarding budget updates and requiring that the Mayor identify any service or program proposed for reduction or elimination, when the fiscal year budget is submitted.

Recommended Modifications to the Mayor's Proposed FY 2008 Budget

ATTACHMENT C

Office of the Independent Budget Analyst, report number 07-60 dated June 1, 2007.

Budget & Finance Committee Action on FY 2008 Proposed Budget

ATTACHMENT D

Memorandum from the Office of the Independent Budget Analyst, number 07-09 dated June 7, 2007.

Resolution R-302734

ATTACHMENT E

A resolution of the Council of the City of San Diego adopting the Mayor's Fiscal Year 2007-2008 budget, making modifications thereto, and authorizing and directing the City Clerk to cause such Fiscal Year 2007-2008 Budget, as so modified, to be delivered to the Mayor as soon as practicable.

Appropriation Ordinance AO-19652

ATTACHMENT F

Adopting the Fiscal Year 2008 Annual Budget and appropriating the necessary money to operate the City of San Diego for said fiscal year.

Resolution R-302881

ATTACHMENT G

A resolution of the Council of the City of San Diego adopting the statement of budgetary principles with respect to administration by the Mayor of the Fiscal Year 2008 Annual Budget.

Appendix: Legislative Actions

Legislative Budget Actions

The fiscal year budget process effectively began in November 2006, with the release of the Mayor's Five-Year Financial Outlook for Fiscal Years 2008-2012. This outlook was the most significant financial forecast of its kind in recent history and provided an early look at the Mayor's priorities for FY 2008, as well as a clear road map for future budget years.

On January 17, 2007, the City Council participated in a first-ever strategic visioning process to identify core services and City budget priorities and provide guidance to the Mayor in advance of the FY 2008 budget process. The two-hour facilitated Strategic Budget Prioritization Process utilized polling technology to quickly and anonymously evaluate Council members' perspectives, in the aggregate, on key City services, critical issues and possible budget solutions. The strategic assessment of City services allowed Council members to rate the long-term importance and current performance of key General Fund services.

The results showed that Police Services and Fire-Rescue Services on average were considered the most important and are seen as performing well. The performance of Trash Collection Services was also rated very well by all members. The performance of other services such as Park and Recreation, Streets, Planning and Neighborhood Code Compliance should be improved based on the results of the polling. It was noted that funding constraints impact the performance of some of these areas.

In assessing the critical issues facing the City, results of the Strategic Budget Prioritization Process indicated that "funding the pension obligation" received the most support for funding followed by "addressing deferred maintenance and capital improvements" and "police officer recruitment and retention." The Mayor has made each of these a high priority for funding in his proposed budget. Based on the results of the polling, on the average, the Council members expressed preferences to pursue alternative revenue enhancement strategies, including "new or renegotiated leases" and "program cost recovery" while indicating "across-the-board percentage reductions," "new or increased taxes" and "land sales" were least preferred options.

On January 29, 2007, the City Council unanimously approved and submitted to the Mayor a Budget Priorities Resolution (R-302315) setting forth their priorities. In addition, on February 5, 2007, the City Council approved a resolution (R-302331) to request the Mayor to identify service level impacts of budget reductions each year in the proposed and final budgets, and also requested the CFO to expand the existing Quarterly Budget Reporting to report on Business Process Reengineering budget changes and service level adjustments.

During the months of February and March, the Mayor worked with his leadership team and City departments to develop his recommended budget proposal for FY 2008. In accordance with the City Charter, the Mayor submitted his FY 2008 Proposed Budget to the Council on Friday, April 13, 2007. Beginning April 25, 2007, input was received from 11 public budget hearings representing nearly 50 hours of testimony.

Appendix: Legislative Actions

On May 16, 2007, the Mayor issued a May Revision to his earlier budget proposal. On May 21, 2007, the Council members' budget priorities memoranda were sent to the Council President, and Council members were provided an opportunity to discuss the budget further with the CFO and the IBA; to hear additional thoughts from the public; and/or share priorities and issues of concern with their colleagues, the Mayor and the public.

On June 6, 2007, the Budget and Finance Committee considered their recommendations for final modifications. On June 11, 2007, the full City Council approved their final budget modifications (R-302734), and as required by Charter, the Council returned the budget to the Mayor with their recommendations.

On June 13, 2007, within the five business days required by the Charter, the Mayor signed the budget. The Mayor, however, utilized his authority for a line item veto to strike the use of General Fund monies in the amount of \$465,000 for the homeless emergency shelter. The City Council did not override the Mayor's veto.

The final steps of the FY 2008 budget process included the Budget and Finance Committee's review of the Appropriation Ordinance, on June 20 and July 11, 2007.

On July 23, 2007, the City Council adopted the Statement of Fiscal Year 2008 Budgetary Principles (R-302881), a consensus document that focuses on setting budgetary operating principles, establishing budget authority regarding service levels and enhancing communication on management issues between the executive and legislative branches for FY 2008. Since this resolution speaks specifically to FY 2008, the City Council and Mayor will have an opportunity to consider its value and effectiveness for future years. On July 30, 2007, the City Council adopted the FY 2008 Annual Appropriation Ordinance (O-19652), fully enacting the City's budget for the fiscal year.

Attachment A

(R-2007-755)

RESOLUTION NUMBER R- 302315

DATE OF FINAL PASSAGE FEB 14 2007

RESOLUTION OF THE COUNCIL REQUESTING THAT
DURING THE FISCAL YEAR 2008 BUDGET PROCESS THE
MAYOR PROVIDE THE COUNCIL INFORMATION
REGARDING RECOMMENDED SERVICE LEVEL
REDUCTIONS OR PROGRAMS PROPOSED FOR
ELIMINATION AND OTHER MATTERS RESPECTING THE
FISCAL YEAR 2008 BUDGET PROCESS

BE IT RESOLVED by the Council of the City of San Diego that IBA Report 07-14 on
Budget Strategy and Priorities [Report] is hereby endorsed and accepted.

BE IT FURTHER RESOLVED by the Council of the City of San Diego that the Mayor is
hereby requested to provide the service level impact for programs and services that are
recommended for funding reductions in the Fiscal Year 2008 Proposed and Final Budgets.

BE IT FURTHER RESOLVED by the Council of the City of San Diego that the Mayor is
hereby requested to provide critical information related to the Five Year Financial Outlook and
the FY 2008 budget process as described in the Report.

BE IT FURTHER RESOLVED by the Council of the City of San Diego that the
Independent Budget Analyst is hereby directed to deliver the results of the City Council Strategic
Budget Prioritization Process conducted on January 17, 2007, to the Mayor.

BE IT FURTHER RESOLVED by the Council that the IBA is hereby directed to deliver
by February 1, 2007 a copy of the Report, together with individual City Council Budget
Priorities Memoranda, to the Mayor for his consideration.

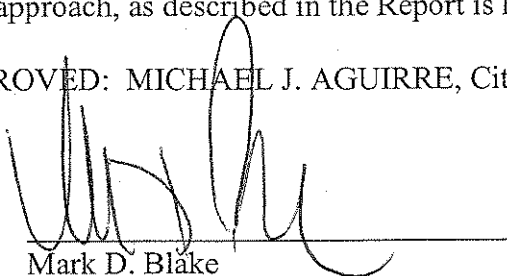
Attachment A

(R-2007-755)

BE IT FURTHER RESOLVED by the Council of the City of San Diego that the "time out" approach, as described in the Report is hereby adopted and shall be conveyed to the Mayor.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By


Mark D. Blake
Chief Deputy City Attorney

MDB:ai
01/26/07
Or.Dept:IBA

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JAN 29 2007.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 2-14-07
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

Attachment A

Passed by the Council of The City of San Diego on _____, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Scott Peters	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toni Atkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brian Maienschein	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Donna Frye	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Jim Madaffer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FEB 14 2007

Date of final passage _____.

AUTHENTICATED BY:

JERRY SANDERS

Mayor of The City of San Diego, California.

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

(Seal)

By *Elmer Rando*, Deputy

Office of the City Clerk, San Diego, California

Resolution Number

302315

Attachment B

(R-2007-721)
(REV.COPY)

RESOLUTION NUMBER R- 302331

DATE OF FINAL PASSAGE FEB 22 2007

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO REQUIRING THAT THE MAYOR MAKE CERTAIN REPORTS TO THE COUNCIL REGARDING BUDGET UPDATES AND REQUIRING THAT THE MAYOR IDENTIFY ANY SERVICE OR PROGRAM PROPOSED FOR REDUCTION OR ELIMINATION WHEN THE FISCAL YEAR BUDGET IS SUBMITTED

BE IT RESOLVED by the Council of the City of San Diego that the Report of the Independent Budget Analyst, dated January 19, 2007, regarding the City's budgeting process [Report], a copy of the Report being on file with the City Clerk as document No.

D- 07-18 is hereby accepted.

BE IT FURTHER RESOLVED that in accordance with Charter section 28, the Mayor is hereby required each year as part of the Mayor's Proposed Budget, which is to be submitted to Council on or before April 15 of each year, in accordance with Charter section 265(b)(15) to identify: 1) current service levels to the community, and 2) proposed changes to service levels to the community, associated with any programs or services recommended for reduction or elimination in the Proposed Budget for the coming fiscal year; and to report to the public, in the final budget documents for the City of San Diego, any changes in service levels that are expected in the coming fiscal year as a result of budget actions.

BE IT FURTHER RESOLVED that the Mayor is hereby required to include, among other things, as part of the City Council and/or Budget Finance Committee, Quarterly Budget Review process specific reports on (i) programmatic/service level changes; (ii) any technical

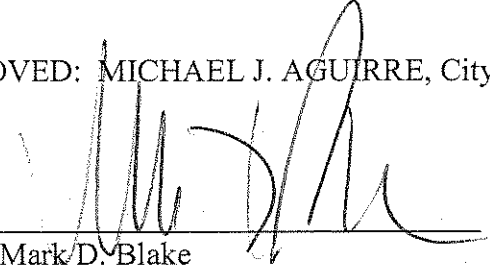
Attachment B

(R-2007-721)
(REV.COPY)

budget adjustments and (iii) budget changes recommended in order to implement a pending organizational change.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By


Mark D. Blake
Chief Deputy City Attorney

MDB:ai
01/17/07
01/24/07COR.COPY
02/07/07/REV.COPY
Or.Dept:IBA

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of FEB 05 2007.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: Feb 22, 07
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor



Recommended Modifications to the Mayor's Proposed Fiscal Year 2008 Budget

Report by the Office of the
Independent Budget Analyst

Date Issued: June 1, 2007
IBA Report Number: 07-60



Independent Budget Analyst
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June 2007

Introduction

One of the key responsibilities of the Office of Independent Budget Analyst (IBA) is to review and comment on the Mayor's Proposed Budget, conduct analyses of the budget and recommend modifications to the Mayor's proposal for City Council consideration. Our Preliminary Report reviewing the Mayor's Proposed Budget was issued on April 27, 2007, as IBA Report No. 07-46. Our final report builds upon this earlier review and analysis and presents final recommended changes to the Mayor's Proposed Budget.

The fiscal year budget process effectively began in November 2006, with the release of the Mayor's Five-Year Financial Outlook for Fiscal Years 2008-2012. This outlook was the most significant financial forecast of its kind in recent history and provided an early look at the Mayor's priorities for FY 2008, as well as a clear road map for future budget years. Our office issued a series of four reports which provided analysis and commentary on the Five-Year Outlook for Budget and Finance Committee review and discussion.

On January 17, 2007, the City Council participated in a first-ever strategic visioning process to identify core services and City budget priorities and provide guidance to the Mayor in advance of the FY 2008 budget process. On January 29, 2007, the City Council unanimously approved and submitted to the Mayor a Budget Priorities Resolution (R-302331) setting forth their priorities. During the months of February and March, the Mayor worked with his leadership team and City departments to develop his recommended budget proposal for FY 2008. In accordance with the City Charter, the Mayor submitted his FY 2008 Proposed Budget to the Council on Friday, April 13, 2007. On May 16, 2007, the Mayor issued a May Revision to his earlier budget proposal.

Our report, issued today in accordance with the FY 2008 budget development schedule previously adopted by the City Council, is comprised of the following sections:

- Recommendations on Mayor's "Significant Areas"
- Recommendations on Mayor's "Corrective Actions"
- General Fund Budget Modifications by Department
- Non-General Fund Budget Modifications by Department
- Discussion of Items Not Recommended for FY 2008
- Policy Recommendations

Our recommendations take into account the input from City Council members' individual budget priorities memoranda; input received from the public at 11 public budget hearings representing nearly 50 hours of testimony; additional analyses of our own; further review of information from City staff; and review of the Mayor's May Revise.

Attachment C

On June 6, 2007, the IBA will present its Final Report on recommended modifications to the Mayor's Proposed Budget to the Budget and Finance Committee for their consideration. At this meeting, the Committee will act on recommended final modifications for full City Council consideration and action on June 11, 2007. As required by Charter, the Council will return the budget to the Mayor with their recommendations "as soon as practicable." The Mayor has five business days to approve, veto or modify any line item approved by the Council and resubmit the budget to the Council. The Council then has five business days to take action to override any vetoes or modifications made by the Mayor.

The final steps of the FY 2008 budget process includes the Budget and Finance Committee's review of the Appropriation Ordinance, beginning on June 20, 2007, and Council adoption of the Appropriation Ordinance in July.

June 2007

IBA Recommendations on Mayor's "Significant Areas"

In addition to the narrative below, an "at a glance" chart of the Mayor's "Significant Areas" and "Corrective Actions" along with the IBA recommendations and remarks is provided in Attachment A.

Pension Funding - \$184.7 Million

As indicated in our Preliminary Report, the IBA strongly supports the Mayor's proposed pension-related funding levels for FY 2008 which are made up of the Annual Required Contribution known as the ARC (\$137.7 million) and ARC Plus (\$20.0 million), which will end the current practice of negative amortization. While this is a discretionary action for next fiscal year, it is a prudent one that will result in significant interest savings, and one that will be mandatory for FY 2009 based on SDCERS recent decision to implement a 20-year amortization schedule.

We also support the proposals to begin paying back SDCERS for Retiree Health payments made in the past on behalf of the City (\$7.3 million of a total \$33.0 million liability) and for benefit payments made from the pension fund in excess of IRS limits (\$0.5 million of a total \$22.8 million liability). We would note that while the Mayor's Five-Year Outlook contemplates paying off the Retiree Health payback obligation to SDCERS over the five year period, there is no similar strategy in place to address the \$22.8 million associated with the IRS limitations liability.

Also included in this category is \$19.2 million for employee offset contributions per negotiated agreements. **The IBA supports all of the Mayor's funding recommendations for this category, and we recommend the liability associated with the IRS limitations be included in the next update of the Five-Year Outlook.**

Retiree Health - \$48.1 Million

The Mayor's Proposed Budget includes \$23.1 million for the "pay as you go" portion of this funding obligation, as well as an additional \$25.0 million for a retiree health trust fund that will partially pre-fund these post-employment benefits in the near future. Together with \$5.0 million that was set aside for this purpose in FY 2007, a total of \$30.0 million will now be set aside for the trust fund.

Attachment C

The IBA supports the Mayor's aggressive goals to begin pre-funding the Retiree Health liability through these actions, but requests that information be provided to Council on the status of setting up the trust fund. Almost a year has passed since \$5.0 million was authorized for this purpose.

Deferred Maintenance - \$53.1 Million

The Mayor's Proposed Budget includes funding to begin to address the City's significant backlog of deferred maintenance needs through \$13.2 million in cash funding, \$15.4 million in revenues associated with property sales, and \$24.5 million in bond proceeds. The IBA agrees that addressing this backlog is a top priority for our City.

In our Preliminary Report, our questions were related to the funding sources that were identified for this purpose, as well as the prioritization and timing of the specific projects. We had recommended removal of the property sales revenue from the budget unless the Council was provided the benefit of a full policy discussion on this strategy where specific concerns could be addressed. This took place on May 21, 2007, and the approach received an affirmative vote by a majority of the Council. We also raised concerns about the probability of achieving the assumed revenues within the next fiscal year given market conditions. We are comfortable with the conservative assumption of \$15.4 million in sales of a \$37.0 million portfolio in FY 2008. Additionally, if the sales are not achieved, projects will not move forward.

We raised similar concerns with regard to bond proceeds. However, after being provided additional information we agree that bond proceeds, whether from the public bond markets or a private placement, are achievable within FY 2008 if Council is supportive of this strategy.

However, we recommend that the Council be provided a list which ties specific deferred maintenance projects to the three funding sources. The cash funding will be available on July 1, 2007 and the Council and public should know which projects will be accomplished with these funds. The revenues from property sales could be available intermittently throughout the year as land is sold - how will projects be prioritized and selected as those funds become available? If properties are not sold as anticipated, what is the contingency plan for the \$10.0 million for ADA projects that are specifically tied to this funding source? Similarly, bond proceeds could be available at a point later in the fiscal year. What projects will move forward as this funding source becomes available? This information should be provided to the Council and the public, and included in final budget documents.

Reserves - 6% of General Fund - \$66.1 Million

The IBA supports the Mayor's goal of achieving a reserve level equal to 8% of General Fund revenues by 2012 and the corresponding 6% level for next fiscal year. GFOA recommends that cities maintain a General Fund reserve of at least 5-15%.

In addition to the Mayor's proposal, we recommend accelerating the reserves level for FY 2008. **First, we recommend an additional \$300,000 be placed in the reserves on July 1, 2007 from the resources we have identified as part of our final budget recommendations.** Together with the additional \$684,000 recommended in the May Revise, this will place the reserves at an estimated \$67.1 million on July 1, slightly above the 6% goal.

Second, consistent with our Preliminary Report, we have recommended excluding the Tourism Market District (TMD) savings of \$5.0 million from the budget and we have presented a balanced budget without utilizing these savings. **If and when the TMD is finally approved, we recommend that this \$5.0 million in TMD-related savings be used to increase the reserves level in FY 2008 from an estimated \$67.1 million to \$72.1 million, which represents 6.5% of General Fund revenues.**

Finally, formalized, well-defined operating reserve policies and the ability to historically adhere to them are as critical as the funding level itself. The City's policies and practices in this area need to be strengthened. The CFO provided some preliminary work on such a policy to the Budget and Finance Committee last fall and we recommend that this work be completed shortly after budget adoption.

The Preliminary Report from the CFO on a reserve policy contemplated the possibility of establishing an "Emergency Reserve" to be used for qualifying emergencies as declared by the Mayor and approved by the City Council, and an "Appropriated Reserves" that would serve as a contingency for unanticipated, non-emergency needs that are identified during the year based on established criteria. This is not inconsistent with the request from Council President Pro Tem Young to establish a special contingency account to restore staffing levels in Park and Recreation and Library during the course of the fiscal year if services are found to be severely impacted by budget reductions. **We do not recommend that such a contingency be established at this time without the benefit of the broader discussion of the City's reserve policies, but we do recommend that it be considered as a part of this discussion.**

Stormwater - \$42.6 Million

The IBA supports the Mayor's designation of increased funding for critical Stormwater Permit Compliance. The budget proposes \$19.7 million for the Street Division for increased street sweeping and storm drain improvements, while \$22.9 million is allocated to the Stormwater Pollution Prevention Program to enhance programs such as outreach and education, watershed management, water quality monitoring, engineering and enforcement.

An outstanding issue has surfaced since the Mayor submitted his budget that needs to be resolved. The amount allocated to the Street Division for increased Stormwater Permit Compliance, including street sweeping, is \$8.6 million, but no corresponding positions have been included in the budget. Has it been determined that some of these services will be contracted out through the Managed Competition process? If so, this could mean a

Attachment C

significant delay in implementing this important activity next year. This delay could also mean less funding is required for FY 2008. This issue should be resolved before final budget decisions are made by Council on June 11, 2007.

ADA Compliance Projects - \$10.0 Million

The IBA wholeheartedly supports the proposed allocation of \$10.0 million for projects to comply with the Americans with Disabilities Act of 1990 (ADA), though we understand the need to be significantly greater. As discussed in our Preliminary Report, our principal concern is that, per the Mayor's budget, the funding source for these critical projects is revenue generated through property sales. **As noted earlier, we request that Council and the public be provided a list of the projects that will move forward as these funds become available throughout the year; and in the event that these sales are not achieved, that a contingency plan be developed.** Additionally, we recommend that if property sales are successful in yielding revenue in excess of those anticipated in the budget, ADA projects be considered a priority for these new one-time revenues.

June 2007

IBA Recommendations on Mayor's "Corrective Actions"

Leveraging of City Assets - \$15.4 Million

On May 21, 2007, the City Council was provided a full briefing of this budget strategy as was recommended in our Preliminary Report. A majority of the Council supported the inclusion of this approach in the budget after discussing a wide range of checks including: conservative revenue assumptions being tied to one-time deferred maintenance/ADA expenditures; requirements for returning to Council for further authorization; and a requirement that brokers bid competitively on commissions. Additionally, the Council motion included a cap on broker commissions pending final Council approval of the commission fee schedule.

As discussed earlier, since revenue from property sales will occur intermittently as land is sold, the Council and public should be apprised of how projects will be selected for implementation as these funds become available. These projects should also be identified in the final budget documents. Furthermore, contingency plans for ADA projects should be developed in the event property sales are not achieved as contemplated. Finally, the Council should be provided quarterly reports on the status and progress of property sales during the fiscal year.

Tourism Marketing District (TMD) - \$5.0 Million

Without passing judgment on the concept itself, the IBA recommends removal of the savings assumed by the Mayor in the FY 2008 budget affiliated with the potential creation of the TMD. As discussed in our earlier report, we cannot support inclusion of these savings when several action steps remain, including an affirmative vote of the hoteliers. In our final recommendations, we have excluded these assumed savings and have presented a balanced budget without them. Therefore, if the TMD is successful, we recommend that these additional savings be added to the City's reserves mid-year in order to accelerate the City's 8% reserves goal.

Position Reductions - 736.14 Full-Time FTEs (All Funds) 177.30 Part-Time FTEs (All Funds)

While the IBA recommends Council approval of the proposed FULL-TIME position reductions as a necessary and responsible action to bring expenditures in line with revenues, we reiterate several areas of concern that we have expressed throughout the budget deliberation process. Because it was extremely difficult to discern the basis of the reductions, it was equally as difficult to analyze the potential impacts particularly

Attachment C

with little to no performance measurement information being provided. Were they long time vacancies determined to no longer be necessary or recently vacated or filled positions which could impact services? Were they reductions achieved through the reengineering of City processes or were they necessary to react to a slowdown in workload and related revenues?

Of the 736.14 positions proposed for elimination, 508.47 are vacant and have been for most of the year. The Mayor has indicated that a majority have been vacant for a year or more. However, in our review of Park and Recreation and Library, a majority of the positions had been vacant for a year or less. The benefit to eliminating vacancies is avoiding employee layoffs. The fact that a position is vacant, however, should not presume its function is not valuable. We continue to remain skeptical of the Mayor's broad claims that no services will be impacted by these reductions for the reasons stated in our Preliminary Report.

We have identified that 159.00 FTE of the 736.14 positions proposed for reduction are a result of completed BPRs for Fleet Services and MWWD, which Council approved on May 21, 2007. These are the documented and clearly identified BPR savings in the FY 2008 Proposed Budget, along with savings associated with four BPRs approved earlier in the year (Human Resources, Contracts, IT and ESD). 114.66 proposed position reductions for Streets, Publishing Services, Police, and Engineering, initially identified as BPR savings, are vacancy reductions used to balance the budget similar to the cuts of prior years. The 112.00 Development Services position reductions, also initially presented as BPR savings, are necessary to respond to a slowdown in construction activity and a sharp drop in revenues. 51.00 of these positions were vacant at the time these proposed reductions were announced in March.

With regard to the proposed elimination of the PART-TIME FTEs from the City's total position count, we strongly disagree with this action. We request that Council approve our recommendation to reinstate these positions in the position count and to include them in the final budget document as has been the practice here and is common in other municipalities. This action is not dissimilar to the "supplemental" or "phantom" position practice of the past. In this case, monies would be budgeted but the positions would not be documented. These part-time positions make-up a core of the City's service delivery workforce and include long time positions such as lifeguards, recreation leaders, pool guards, library clerks, library aides, and grounds maintenance workers.

Leaving the money in the budget, but eliminating the FTEs from the budget as proposed, lacks transparency and will result in an inaccurate and understated FTE count. No longer will the public be able to pick up a budget book and identify that the City has such positions. The number of FTEs to staff a particular function will not be available without additional internal analysis. "Apples to oranges" comparisons will make historical analyses and benchmarking very difficult. The IBA is confident that appropriate flexibility and consistency across departments may be achieved even while utilizing FTEs to represent part-time positions.

Managed Competition – No savings identified

No additional savings associated with potential managed competition results were identified in the Mayor's FY 2008 Proposed Budget. Future savings are possible as this process gets underway. The current schedule for moving forward is uncertain. **We recommend that the Mayor update the Council on the status of implementing Managed Competition as it has been several months since its successful passage in November of 2006.**

Budget Clean-Up - \$10.9 Million

Our office supports these technical budget clean-up items for FY 2008 including a refinement of General Government Services Billing (GGSB), the release of encumbered funds and the consolidation of inactive fund balances. **We recommend a continued effort in this area including an annual systematic procedure or policy for such reviews to ensure that the City's resources are not tied up unnecessarily.** We further request that as the details of the specific cancelled encumbrances are known, that they be provided as part of the Controller's monthly report to the Budget and Finance Committee.

Summary of Key Recommendations

“Significant Areas”

Retiree Health Care

- Provide update to Council on the status of establishing the Retiree Health Care Trust Fund.

Deferred Maintenance

- Provide to Council a prioritized list of which deferred maintenance projects are tied to each of the three funding sources: cash, property sales and bond proceeds.
- Provide contingency plan to Council for ADA projects if property sales are not achieved.
- Provide information to Council on how projects will be selected as property sales are achieved throughout the year.
- Provide quarterly reports to Council on the status of property sales.

Reserves

- Add an additional \$300,000 to the reserves on July 1, 2007 from resources we have identified.
- Add \$5.0 million to the reserves mid-year if all steps associated with the TMD are approved.
- Complete work on a formalized, well-defined operating reserve policy.

Stormwater

- Resolve issues related to how increases for street sweeping and other stormwater compliance activities are planned to be implemented, by contract or City forces, and make any necessary budget adjustments.

“Corrective Actions”

Tourism Marketing District

- Remove \$5.0 million in associated savings from budget and add to reserves mid-year if all action steps are approved.

Position Reductions

- Recommend approval of position reductions associated with Fleet Services and MWWD BPRs.

Attachment C

- Recommend approval of Development Services position reductions tied to significant workload and revenue declines.
- Recommend approval of remaining vacant or full-time position reductions as proposed for all other departments in order to balance the budget.
- Make improvements to BPR process as reported in IBA Report No. 07-52.
- Recommend reinstatement of all part-time FTEs in the City's FTE position count and budget documents.

Managed Competition

- Provide update to Council on the current schedule for implementing Managed Competition.

Budget Clean-Up

- Establish procedures and policy for systematic annual review of encumbrances to ensure dollars are not tied up unnecessarily.

Attachment C

June 2007

Recommended Budget Modifications

The proposal below represents the IBA's final recommended modifications to the Mayor's FY 2008 Proposed Budget. The IBA supports the approval of the Mayor's May Revision items, and recommends Council approval of that package. The IBA further recommends a series of adjustments, as shown, that will provide for Council and public priorities and improve budgetary practices related to certain financial or policy items.

Each of the items listed below is presented in detail on the following pages.

GENERAL FUND		FTE	EXPENSE	REVENUE
Cross Departmental				
1	Restoration of Part-Time Positions	176.44	\$ -	\$ -
2	Savings due to Health Care Reform	0.00	\$ (745,753)	\$ -
Major Revenues				
3	Increased Revenue due to TOT Growth Rate Revision	0.00	\$ -	\$ 3,441,686
4	Removal of Tourism Marketing District (TMD)	0.00	\$ -	\$ (5,000,000)
City Attorney				
5	Correction to Supplemental Positions*	(8.00)	\$ -	\$ -
Citywide Program Expenditures				
6	Reduction of Miscellaneous Unallocated Funds	0.00	\$ (1,289,735)	\$ -
7	Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (745,753)	\$ -
8	Reduction of Extra Funds for City Actuary	0.00	\$ (372,877)	\$ -
9	Addition to General Fund Reserve	0.00	\$ 300,000	
Community and Legislative Services				
10	Addition for City TV 24 Closed Captioning	0.00	\$ 50,000	\$ -
Council Administration				
11	Addition for City Council Financial Training	0.00	\$ 15,000	\$ -
12	Addition for Audit Committee - Professional Audit Consultant	0.00	\$ 225,000	\$ -
General Services - Street Division				
13	Reduction of Vacancy Factor	0.00	\$ 423,195	\$ -
Library				
14	Restoration of Performance Annex Support	1.00	\$ 187,323	\$ -
Neighborhood Code Compliance				
15	Addition for Code Compliance, Utility Worker and Paint	4.00	\$ 250,000	\$ -
Police				
16	Addition of Vacant Positions for Northwestern Station	19.00	\$ -	\$ -
San Diego Fire-Rescue				
17	Restoration and Addition of Code Compliance Officers for Brush Mgmt	2.00	\$ 145,286	\$ -
GENERAL FUND ADJUSTMENTS		194.44	\$ (1,558,314)	\$ (1,558,314)

NON-GENERAL FUND		FTE	EXPENSE	REVENUE
1	Restoration of Part-Time Positions	8.25	\$ -	\$ -
2	Savings due to Health Care Reform	0.00	\$ (254,247)	\$ -
3	Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (254,247)	\$ -
4	Reduction of Extra Funds for City Actuary	0.00	\$ (127,123)	\$ -
5	Removal of Increased Fees in Development Services	0.00	\$ -	\$ (180,000)
NON-GENERAL FUND ADJUSTMENTS		8.25	\$ (635,617)	\$ (180,000)

* Reduction of 18.00 support positions offset by 10.00 Deputy City Attorney positions for a net reduction of 8.00 FTE.

June 2007

General Fund

CROSS DEPARTMENTAL

ITEM	TITLE	FTE	EXPENSE	REVENUE
#1	<i>Restoration of Part-Time Positions</i>	176.44	--	--

This proposal restores the full-time equivalents related to part-time positions in the General Fund (169.12 FTEs) and converts increased funding for new part-time positions (7.32 FTEs), with no added cost to the budget. Impacted departments include Library, Park and Recreation, and San Diego Fire-Rescue. Eliminating the positions and associated FTEs from the budget lacks transparency, and provides no specificity regarding the level or type of positions to be utilized with the funds provided. During budget deliberations, it was determined that funding for new facilities (1.00 Recreation Leader I) and additional staffing for summer pool hours (6.32 Pool Guard II) included funds for new part-time positions. These positions were not specifically included due to the removal of part-time positions from the budget, though equivalent funding was added. This budget change was initially recommended to standardize the City's various practices of budgeting funds for part-time and temporary staffing. It is recommended that all part-time position adds be reviewed and properly reflected in the FY 2008 budget as specific positions and included in the FTE counts. An additional \$8.0 million citywide is budgeted for FY 2008 for part-time and temporary staffing, separate from the part-time positions reflected here. It is recommended that these practices be reviewed for affected departments to achieve standardization, without compromising the production of important budget data.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#2	<i>Savings due to Health Care Reform</i>	0.00	(\$745,753)	--

As recommended in IBA Report 07-46, the IBA suggests that savings be budgeted for health care reform. The probability of this outcome is definite since it was supported by the Mayor and City Council as part of labor negotiations and will be implemented in FY 2008. Although the reform itself is certain, enrollment shifts may result in a variance from the \$2.1 million citywide savings estimated by the Mayor's Office. Therefore, the IBA recommends a conservative savings of \$1.0 million citywide. Further savings if experienced, may be budgeted through a mid-year adjustment. The allocation above reflects the General Fund portion of this savings.

General Fund

MAJOR REVENUES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#3	<i>Increased Revenue due to TOT Growth Rate Revision</i>	0.00	--	\$3,441,686

Transient Occupancy Tax revenue is experiencing actual growth of over 10% year-to-date in FY 2007. Due to anticipated continued strength in the region's tourism market, it is recommended that the projected growth rate for TOT in FY 2008 be increased by one and one-half percentage points to 7.50%. Based on current year-end projections, this would result in additional General Fund revenue of approximately \$3.44 million. It should be noted that approximately \$956,000 of this increase is due to stronger growth in FY 2007 than was anticipated at the time the Mayor's Proposed Budget was developed. Attachment B further discusses our analysis of this revenue source.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#4	<i>Removal of Tourism Marketing District (TMD)</i>	0.00	--	(\$5,000,000)

Given that several important organizational steps, City Council actions and hotel/motel owner determinations remain to be completed for the proposed TMD, the IBA recommends that anticipated TOT savings that may accrue to the General Fund be excluded from the budget. If and when the TMD is finally approved, the IBA further recommends that the related savings be used to increase the General Fund reserve in FY 2008.

CITY ATTORNEY

ITEM	TITLE	FTE	EXPENSE	REVENUE
#5	<i>Reduction of Support Staff</i>	(18.00)		
	<i>Addition of Supplemental Deputy City Attorney Positions</i>	<u>10.00</u>		
	<i>Net Position Changes</i>	(8.00)	--	--

The Office of the City Attorney has requested the addition of 17.14 Deputy City Attorney positions to the FY 2008 Budget, at a cost of \$2.24 million. These positions, currently on the payroll, have not been previously authorized in the budget.

June 2007

General Fund

CITY ATTORNEY (cont'd)

These are commonly referred to as “supplemental” positions, which is a practice inherited from previous administrations that has recently been corrected across the City. In addition, the department has requested 6.00 additional Deputy City Attorneys, and 2.00 support staff positions, for a total request of 25.14 FTEs.

A review of the budget shows that, as of May 4, 2007, the Office of the City Attorney has 18.00 budgeted support and clerical positions vacancies, totaling \$1.4 million on a budgetary basis. Payroll records show that many of these classifications have shown some level of vacancy consistently over the past two years. Elimination of these 18.00 support positions from the budget will fund 10.00 supplemental Deputy City Attorney positions. Many other City departments were granted additions to their budgets in FY 2007 to correct supplemental positions and have since been required to eliminate vacant positions in the FY 2008 Proposed Budget for purposes of balancing the General Fund.

Three of the supplemental positions comprise the Public Finance and Disclosure Unit which is not a discretionary activity. In November 2004, the City Council adopted ordinance O-19320 amending the City’s Municipal Code relating to the City’s Financial Reporting and Disclosure requirements, which calls for 3.00 Deputy City Attorneys to be designated for new duties, requiring specific knowledge and expertise in the areas of municipal finance, and federal and state securities laws. However, the City’s Attorney’s budget has not reflected an increase to the number of Deputy City Attorney positions since the ordinance was adopted, though three additional personnel have been hired to handle these functions. Attorneys assigned to other priority areas of Domestic Violence, Code Enforcement, and Neighborhood Prosecution should be retained.

The IBA cannot support the continued practice of permitting supplemental positions, and recommends that corresponding reductions be made to the City Attorney’s Office in order to eliminate the supplemental position practice. The elimination of 18.00 vacant support and clerical positions will fund 10.00 existing Deputy City Attorneys. The remaining 7.00 supplemental positions should be discontinued. This will result in a net reduction to the department of 8.00 budgeted positions for FY 2008, will end the supplemental position practice, and will reduce the total City Attorney positions from 335.22 FTEs to 327.22 FTEs. It is recommended that the City Attorney implement a position control policy in order to operate within the authorized number of budgeted positions in the future.

General Fund

CITY ATTORNEY (cont'd)

Further, an issue is pending regarding the capacity of the City Attorney's Office to complete requested work from City departments, such as contracts and ordinances. We have learned that there are a significant number of items with the necessary Council or Mayoral approval that have been awaiting City Attorney action for an extended period of time. For example, we are aware of at least one dozen traffic engineering design contracts with values up to \$5.9 million that are not being addressed in a timely manner. This is preventing important City work from moving forward. The IBA suggests that the City Attorney investigate these issues and expeditiously attend to this critical work.

CITYWIDE PROGRAM EXPENDITURES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#6	<i>Reduction of Miscellaneous Unallocated Funds</i>	0.00	(\$1,289,735)	--

Budgeted funds that are not allocated for a specific purpose should be removed. The reduction of \$1.29 million from the \$2.87 million allocated to "Professional Services and Contracts" will result in a remaining \$1.6 million as allocated in the Mayor's May Revise: \$750,000 transferred to the Auditor and Comptroller's Office to cover the cost of temporary staff to assist in the preparation of the outstanding CAFRs and the development of internal controls, \$185,000 for labor negotiations, \$150,000 to support the Charter Review Committee, and \$500,000 to repay SDCERS for benefit payments in excess of IRS limits.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#7	<i>Reduction of Extra Funds for Independent Consultant Contract</i>	0.00	(\$745,753)	--

Pursuant to City Council approval in January 2007, \$2 million was appropriated for the contract with the City's Independent Consultant in May 2007. Approximately \$261,000 has been billed through April 2007 or roughly \$65,000 per month. At this rate of expense, it is unlikely that the total expense for the Independent Consultant will exceed \$400,000 in FY 2007. Therefore, there should be approximately \$1.6 million remaining for this purpose, or more than \$133,000 per month, in FY 2008. The Independent Consultant currently estimates the monthly expense to be approximately \$100,000 per month in FY 2008.

June 2007

General Fund

The FY 2008 Proposed Budget includes an additional \$1.0 million citywide, over and above the \$2.0 million already appropriated by the Council, to fund the Independent Consultant contract. However, this funding for the Independent Consultant contract in FY 2008 should not be necessary as it is clear that sufficient funds have already been appropriated for this purpose, as referenced above. The IBA recommends removal of \$745,753 from the General Fund budget, which represents this fund's proportionate share of the \$1.0 million citywide.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#8	<i>Reduction of Extra Funds for City Actuary</i>	0.00	(\$372,877)	--

An action is due to return to the City Council requesting the appropriation of new funds and amendment of the contract for FY 2008 work. The IBA recommends the City Council choose whether or not to appropriate funds for this purpose at that time and in the context of the discussion of a contract amendment. This amount represents the General Fund allocation for this purpose.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#9	<i>Addition to General Fund Reserve</i>	0.00	\$300,000	--

This proposal reflects additional funds to be allocated to the General Fund reserve in addition to the May Revise which included a \$684,000 reserves addition. Based on assumptions regarding current reserve levels and year-end projections, the reserves allocation in the May Revise, together with the amount proposed here, are estimated to result in total reserves marginally in excess of the target of 6% of the total General Fund.

COMMUNITY AND LEGISLATIVE SERVICES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#10	<i>Addition for City TV 24 Closed Captioning</i>	0.00	\$50,000	--

This funding will provide closed captioning for City Council meetings as recommended and approved in FY 2002 but never implemented. Additional funding would be required to cover Committee meetings, Press Conferences or Special Meetings. City Manager Report 02-112, dated May 15, 2002, indicated that potential revenue from corporate sponsors could offset a portion of this expense. Although this revenue option has not been proposed as part of the FY 2008 Budget, it should be further explored.

General Fund

COUNCIL ADMINISTRATION

ITEM	TITLE	FTE	EXPENSE	REVENUE
#11	<i>Addition for City Council Financial Training</i>	0.00	\$15,000	--

On October 11, 2004, the City adopted the Disclosure Ordinance (O -19320) which required "mandatory training, on a regular basis, for City staff, officials, City Council members, and the Mayor regarding their obligations relating to disclosure matters under federal and state securities laws." On December 6, 2006, the City Council adopted Resolution R-302243 implementing a plan to provide financial training to the City Council as recommended in the Kroll Report and by the IBA in Report 06-59. This funding should be budgeted in the Council Administration budget to provide the City Council with useful guides, publications and consultant resources to facilitate financial training in areas such as financial disclosure, financial statements, debt issuance and budgeting.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#12	<i>Addition for Audit Committee - Professional Audit Consultant</i>	0.00	\$225,000	--

On May 21, 2007, the Audit Committee unanimously adopted a motion recommending that the City Council authorize not more than \$225,000 to retain a qualified audit consulting firm/professional to assist the Audit Committee in providing independent, legislative oversight of the audit work performed by and for the City. As the Audit Committee is currently faced with audit-related issues requiring immediate attention and given that they are working without direct professional audit staff support, the IBA recommends that funds be added to the Council Administration budget and authorized for expenditure to procure needed auditing expertise/counsel for the Audit Committee.

GENERAL SERVICES – STREET DIVISION

ITEM	TITLE	FTE	EXPENSE	REVENUE
#13	<i>Reduction of Vacancy Factor</i>	0.00	\$423,195	--

The Street Division currently has a budgeted vacancy savings of approximately \$1.16 million. Due to the elimination of vacant positions and the filling of existing vacant positions, it is recommended that the vacancy savings be reduced to approximately \$742,000, or 3.2% of budgeted personnel expense, in line with City standards. This vacancy factor would allow the Street Division to fill vacant positions as needed, yet still accommodate personnel savings due to standard turnover.

June 2007

General Fund

LIBRARY

ITEM	TITLE	FTE	EXPENSE	REVENUE
#14	<i>Restoration of Performance Annex Support</i>	1.00	\$187,323	--

This proposal restores staffing and funding for the management and operations of the City Heights Performance Annex, which was proposed for elimination in the Proposed Budget. Discussions related to alternative management of the site are ongoing. Until a plan is developed to ensure this City facility is sufficiently managed for its continued use and availability for public events, it is recommended that this item be restored.

NEIGHBORHOOD CODE COMPLIANCE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#15	<i>Addition for Code Compliance, Utility Worker and Paint</i>	4.00	\$250,000	--

The Mayor's FY 2008 Proposed Budget included reductions of 3.00 Code Compliance Officers and 2.00 Utility Workers from Neighborhood Code Compliance. The IBA recommends a \$250,000 increase to the FY 2008 Budget to restore 3.00 Code Compliance Officers, 1.00 Utility Worker, and provide additional funding for paint. The restoration of these positions will restore resources to address citywide neighborhood quality-of-life issues.

POLICE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#16	<i>Addition of Vacant Positions for Northwestern Station</i>	19.00	--	--

This proposal adds 19.00 sworn positions for a total of \$2.25 million for the full year's operational expenses at Northwestern. An equivalent increase in the department's vacancy factor will mitigate this addition with a net zero impact to the General Fund. The positions were not included in the Mayor's Proposed Budget due to current recruitment and retention problems (although actual staffing has occurred by shifting assignments). This will ensure an accurate reflection of the full staffing needs at the Northwestern Station, allowing them to be funded and filled as recruitment improves.

June 2007

General Fund

SAN DIEGO FIRE-RESCUE

ITEM	TITLE	FTE	EXPENSE	REVENUE
#17	<i>Restoration and Addition of Code Compliance Officers for Brush Management</i>	2.00	\$145,286	--

This action will restore the proposed reduction of 1.00 Code Compliance Officer and add 1.00 Code Compliance Officer for the department's Brush Management Program. These positions are needed to help ensure that the goals of the proactive brush management plan, which was approved by Council in September 2005, are achieved. According to the department, this is the driest season in 90 years and anticipation of a high risk wildfire season makes these positions critical for public health and safety.

June 2007

Non-General Fund

VARIOUS NON-GENERAL FUNDS

ITEM	TITLE	FTE	EXPENSE	REVENUE
#1	<i>Restoration of Part-Time Positions</i>	8.25	--	--

This proposal restores the full-time equivalents related to part-time positions for non-general fund departments, with no added cost to the budget. Impacted departments include Water, Engineering and the Golf Enterprise Fund. Eliminating the positions and associated FTEs from the budget lacks transparency, and provides no specificity regarding the level or type of positions to be utilized with the funds provided. This budget change was initially recommended to standardize the City's various practices of budgeting funds for part-time and temporary staffing. An additional \$8.0 million citywide is budgeted for FY 2008 for part-time and temporary staffing, separate from the part-time positions reflected here. It is recommended that these practices be reviewed for affected departments to achieve standardization, without compromising the production of important budget data.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#2	<i>Savings due to Health Care Reform</i>	0.00	(\$254,247)	--

As recommended in IBA Report 07-46, the IBA suggests that savings be budgeted for health care reform. The probability of this outcome is definite since it was supported by the Mayor and City Council as part of labor negotiations and will be implemented in FY 2008. Although the reform itself is certain, enrollment shifts may result in a variance from the \$2.1 million citywide savings estimated by the Mayor's Office. Therefore, the IBA recommends a conservative savings of \$1.0 million citywide. Further savings if experienced, may be budgeted through a mid-year adjustment. The allocation above reflects the portion of this savings attributable to the City's various Non-General Funds.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#3	<i>Reduction of Extra Funds for Independent Consultant Contract</i>	0.00	(\$254,247)	--

Pursuant to City Council approval in January 2007, \$2 million was appropriated for the contract with the City's Independent Consultant in May 2007. Approximately \$261,000 has been billed through April 2007 or roughly \$65,000 per month. At this rate of expense, it is unlikely that the total expense for the Independent Consultant will exceed \$400,000 in FY 2007. Therefore, there should be approximately \$1.6 million remaining for this purpose, or more than \$133,000 per month, in FY 2008. The Independent Consultant currently estimates the monthly expense to be approximately \$100,000 per month in FY 2008.

Non-General Fund

VARIOUS NON-GENERAL FUNDS (cont'd)

The FY 2008 Proposed Budget includes an additional \$1.0 million citywide, over and above the \$2.0 million already appropriated by the Council, to fund the Independent Consultant contract. However, this funding for the Independent Consultant contract in FY 2008 should not be necessary as it is clear that sufficient funds have already been appropriated for this purpose, as referenced above. The IBA recommends removal of \$254,247 from the appropriate Non-General Funds' budgets, which represents those funds' proportionate share of the \$1.0 million citywide.

ITEM	TITLE	FTE	EXPENSE	REVENUE
#4	<i>Reduction of Extra Funds for City Actuary</i>	0.00	(\$127,123)	--

An action is due to return to the City Council requesting the appropriation of new funds and amendment of the contract for FY 2008 work. The IBA recommends the City Council choose whether or not to appropriate funds for this purpose at that time and in the context of the discussion of a contract amendment. This amount represents the allocation from various Non-General Funds for this purpose.

DEVELOPMENT SERVICES

ITEM	TITLE	FTE	EXPENSE	REVENUE
#5	<i>Removal of Increased Fees in Development Services</i>	0.00	--	(\$180,000)

The Mayor's FY 2008 Proposed Budget includes \$180,000 in increased revenue from an assumed 4% fee increase. The Development Services Department is currently undertaking a fee study to ensure fees balance with costs. The Department anticipates bringing the results of the study to City Council for approval in November. Because the study is not complete and the Council has not approved the proposed fee increase, the IBA recommends removal of this projected revenue

June 2007

Items Not Recommended for FY 2008 Budget

In this report, the IBA has endeavored to accommodate top priorities within the FY 2008 Budget. However, limited funding, particularly in the General Fund, constrains the City's ability to fund all priorities. In this section, the IBA presents additional discussion or analysis on items not recommended for funding at this time.

City Auditor & Comptroller Position

The issue of appointing an "Auditor & Comptroller" as described in the Charter remains unresolved. The stated intent is to separate these distinct financial functions, as recommended by Kroll, through a Charter change in June of 2008. These duties are being carried out by two Assistant City Auditor & Comptrollers funded in the budget. One Assistant is the Deputy Controller and the second is for the new Internal Auditor currently being recruited. Both functions are overseen by the CFO. For the Internal Auditor, this reporting relationship may change as a result of proposed Charter amendments. Until these issues are permanently resolved, the CFO has assumed the responsibilities of the City Auditor & Comptroller. From a budgetary perspective, this is a significant savings to the General Fund during this transition period. At this point, all indications are that if the funds were reinstated, they would not be expended. However, the IBA recommends that the City Attorney comment on eliminating the Auditor & Comptroller position from the budget as it relates to the current form of the City Charter.

Community Planning Group Support

On May 22, 2007, the City Council adopted amendments to Council Policy 600-24, including a standardized planning board bylaws shell. City staff will work with recognized community planning groups on revisions to their bylaws. As stated in Report to the City Council 07-092 dated May 16, 2007, costs associated with providing assistance to community planning groups to revise their bylaws will be managed as part of the City Planning & Community Investment department's work program. Part-time administrative staff will be utilized to assist planning groups with reporting requirements under the Brown Act. Therefore, the department does not believe additional funding is necessary at this time.

Fire Station 47 Truck Company

As part of the developer's obligation to provide infrastructure support for the community, Fire Station 47 is scheduled to open in November 2007. Although both an engine and truck have been provided by the developer, the fire station will only open with staffing for the engine. Fire-Rescue's current plan is to add the truck company staffing after additional build-out is completed in the area; this is currently anticipated to be around FY 2012.

Attachment C

Gang Commission/Grant Writing

A request for additional staffing for the Gang Commission has not been recommended in the IBA's report. In discussion with the Deputy Chief Operating Officer for Public Safety, the department believes they have adequate support at this time. Also, the City's grant process is currently undergoing BPR and additional grant support should be reviewed as a part of this process.

Motive Equipment Fuel Reserve

The annual budget for fuel is one component of usage charges that are paid by General Fund and Non-General Fund departments to support the Equipment Division's operations. These non-discretionary charges ensure that all funds contribute the appropriate proportional share to the Equipment Division. Likewise, funding for a fuel reserve should also be treated as a non-discretionary charge to ensure appropriate proportional funding. Further analysis is needed to determine the appropriate funding mechanism. It is recommended that a proposal to establish a fuel reserve in the FY 2009 Budget be developed and presented to the Budget and Finance Committee during FY 2008.

Park Maintenance

A number of requests were made for the addition of staffing to Park and Recreation for grounds maintenance workers, custodians and brush abatement activities. The Parks Maintenance BPR is currently underway and its outcome may affect the allocation and level of resources assigned to various maintenance functions throughout the City's park system. The addition of resources in these areas may be premature at this time, and should be reevaluated upon the completion of the BPR.

Police Mobile Computer Laptops

Additional funds for the replacement of patrol officer's Mobile Computer Laptops are not recommended at this time. The IBA understands laptops in current use in the field are not scheduled for replacement in FY 2008, so additional funding is not currently necessary. Alternative plans on laptop utilization by patrol officers should consider other forms of technology, like flash drives or other storage devices. These plans should be developed with the City's Chief Information Officer, to determine the most cost-effective and efficient manner, consistent with City information technology policies.

Police Service Officers (PSOs)

The FY 2008 Proposed Budget reduced a net total of five Police Service Officers. Due to the total number of vacancies for PSOs and the amount of time it would take for a candidate to successfully complete the hiring and academy process, the department does not feel that all PSOs could be filled during the fiscal year.

Refuse Container Replacement Fee

The FY 2008 Proposed Budget includes \$500,000 for replacement of automated refuse containers. While this amount will likely be insufficient to cover the total cost of replacement in FY 2008, the Environmental Services Department has indicated that revenue derived from the \$50 user fee charged on each additional refuse container (over one) provided to a residence, as well as expenditure savings in other areas, will likely be sufficient to cover the cost of automated refuse container replacement in FY 2008. However, given that the cost of replacing automated refuse containers will continue to become an increasing burden on the General Fund, it is recommended that a proposal to implement an automated refuse container replacement fee, or some alternative, be developed and presented to the Natural Resources and Culture Committee in early FY 2008.

Youth Librarians

Youth Librarians for specific branch libraries have been requested, and are not recommended for addition at this time. Two Youth Librarian positions were reinstated in the May Revise. The Library Department has indicated that the FY 2008 Budget as currently proposed includes the reduction of one Youth Librarian position, which is currently vacant. Youth Librarians are assigned throughout the branch libraries based on workload and demand.

Policy Recommendations

The following comprise the IBA's Policy Recommendations for FY 2008. The recommendations are intended to provide avenues for improved financial governance or increased efficiency and effectiveness. We recommend that each of these items be explored and discussed over the course of the fiscal year. The IBA will track the progress of these items and report on progress to the Budget and Finance Committee.

Many of the items found below originated as recommendations in IBA Report 07-46, our Preliminary Report on the Mayor's 2008 Proposed Budget. For these items, the page number for that report is referenced. Some items were originally recommended by this office for FY 2007, but have yet to be explored or implemented by the organization. For those items, we have referenced our FY 2007 Policy Recommendations. Finally, a number of items are new recommendations in this report, and are so noted. For those items, we provide additional context and discussion for the benefit of the reader.

Citywide Items

1. In FY 2007, the City Council allocated \$5.0 million to begin to pre-fund Retiree Health obligations. The FY 2008 Proposed Budget allocates an additional \$25.0 million, and the IBA supports the approval of this proposal. The trust fund vehicle for this funding has not yet been established, and monies are being saved in a separate City fund that is not an irrevocable trust. An irrevocable trust fund should be established as soon as practicable and an update should be provided to the Budget and Finance Committee in the first quarter of FY 2008. (NEW)
2. On May 21, 2007, the City Council approved the sale of various parcels of City land, as recommended by the Real Estate Assets Department. Quarterly updates should be provided to the Rules or Land Use and Housing Committee to provide information about the disposition of parcels, final sales price and other updates. (NEW)
3. Under current State law, the City of San Diego will not receive booking fee reimbursements from the State, but will still be liable for the annual payment of \$5.2 million to the County as stipulated in the Memorandum of Understanding. The Intergovernmental Relations Department is in the process of identifying the proper mechanism by which special language can be added to State law to address the City of San Diego's specific situation. If such language cannot be added to State law, the MOU with the County will need to be renegotiated in order to hold the City harmless. Staff should report back to the Budget and Finance Committee or Rules Committee to provide a status update on the booking fee situation under current State law. (NEW)
4. When FTEs are added for new and/or annualized facilities that do not reflect a full-year's worth of operational needs, include clarifying language in the significant budget adjustments section that details the projected months of service. For example, in the Fiscal Year 2008 Budget, 7.56 FTEs are included for the

anticipated opening of Fire Station 47 in the Pacific Highlands Ranch area. This reflects seven months of operations; the full-year's operational needs will be a total of 11.88 FTEs. (NEW)

5. There is interest in a year-round Shelter Program to include a comprehensive Central Intake Facility. The Central Intake Facility will work in partnership with other homeless agencies, SDPD, healthcare providers, and others to provide comprehensive services on-site for quick and effective placement into long-term solutions. Given the yearly funding difficulty with the City's annual Winter Shelter, the year-round Shelter Program will need a funding strategy for consistent funding resources. The IBA recommends that options to address this issue be presented to Council during FY 2008. (NEW)
6. Present plans for compliance with the FY 2006 labor contract requirements to infuse \$600 million into the pension system, and include those plans in the budget, when approved by the City Council. Also, conduct an analysis of the ramifications of non-compliance and present to the City Council at the earliest opportunity. (IBA Report 07-46, p. 15)
7. Initiate a policy discussion regarding potential options for securing a dedicated funding source for Stormwater requirements. (IBA Report 07-46, p. 21)
8. Planning for the upswing in ADA project activity should begin now by clearly identifying staff resources to implement projects, oversee Transition Plan progress and to continue the monitoring of new development projects for compliance. Additionally, projects to be funded in Fiscal Year 2008 should be identified as soon as possible for project planning and public information purposes. (IBA Report 07-46, p. 23)
9. In BPR Reports, provide a detailed tracking of position and cost information, as well as information about and timeline for Meet and Confer, if applicable. (IBA Report 07-46, p. 34)
10. Conduct annual audits of BPRs that are implemented to account for actual savings and impact to service levels. (IBA Report 07-46, p. 35)
11. Conduct an overview or presentation of the Managed Competition Process and Schedule at either the Rules or Budget Committee. (IBA Report 07-46, p. 36)
12. Complete the development and adoption of the financial policies recommended in IBA Report 07-46 during FY 2008. (IBA Report 07-46, p. 41)
13. Identify, monitor and publish service levels in the budget document so that the City Council and the public can be apprised of any potential impacts of position reductions. (IBA Report 07-46, p. 56)
14. Develop a communication plan to ensure timely and accurate information is shared between the City Attorney and Risk Management departments, and the City Council, on a regular basis regarding litigation issues and related costs. (IBA Report 07-46, p. 63)
15. Review the CDBG Process. (FY 2007 Policy Recommendation)

City Attorney

1. The Mayor's FY 2008 Proposed Budget includes \$250,000 in SLA revenue from the Development Services Department to the City Attorney's Office. However, the Development Services Department (DSD) eliminated the reimbursement from

Attachment C

- their FY 2008 budget. If DSD does not provide the revenue to the Attorney's office as budgeted, the General Fund will be negatively affected. Furthermore, this issue needs to be addressed from a broader citywide policy and budgetary perspective relative to consistency among City departments and the use of external versus internal legal support. (NEW)
2. The City Attorney should develop a position control policy that will ensure that staffing is managed within the authorized number of budgeted positions and prevent the creation of supplemental positions in the future. The IBA suggests that the City Attorney present and discuss his position control policy at a Budget and Finance Committee meeting in early FY 2008. (NEW)

City Auditor & Comptroller

1. As part of the Budget Clean-up corrective action outlined in the Mayor's Five-Year Financial Outlook, many open encumbrances will be targeted for closure. In order to achieve a 6% General Fund Reserve level in FY 2008, the Mayor's Proposed Budget assumed \$3.0 million in additional resources from closing unneeded encumbrances that would be allocated directly into the General Fund reserve. As encumbrances are released, information should be provided in the Controller's reports to the Budget and Finance Committee. As previously recommended, a thorough and systematic review of citywide encumbrances should take place on an annual basis. (NEW)
2. Identify and assign the remaining two employees to the internal audit function prior to the beginning of FY 2008. (IBA Report 07-46, p. 65)
3. Report to the Audit Committee regarding the plan for providing sufficient Auditor and Comptroller staff support to ERP, given current staffing constraints. (IBA Report 07-46, p. 65)

Development Services

1. Develop a fiscal recovery plan for the Development Services Fund to avoid General Fund impacts. (IBA Report 07-46, p. 78)
2. Finalize a contingency plan for handling unanticipated increases in activity in the Development Services Department. (IBA Report 07-46, p. 78)

Engineering & Capital Projects

1. Provide an update to the Public Safety and Neighborhood Services Committee on the status of the Red Light Photo Safety Program. (FY 2007 Policy Recommendation)

Family Justice Center

1. The IBA learned through discussions with the Deputy Chief Operating Officer of Public Safety that there has never been a uniformed police officer providing security services for the Family Justice Center. Currently, during the transitional period until a new director is hired, a Police Sergeant is providing management and operational support for the Family Justice Center. Once the new director has been hired and a management plan developed, the Family Justice Center should

return to the Public Safety and Neighborhood Services Committee to discuss security issues. (NEW)

General Services

1. It is currently anticipated that the Publishing Services Internal Service Fund will have a negative fund balance at the end of FY 2008. Since Publishing Services has been unable to raise service rates in order to attain full cost recovery, the Internal Service Fund has maintained a deficit for the past several years. It is recommended that a financial plan addressing the ongoing deficit be developed and presented to the City Council so that the Publishing Services Internal Service Fund does not continue to end the fiscal year with a negative fund balance. (NEW)
2. Consider establishing a fuel reserve in the Equipment Division for the FY 2009 Budget set at 20% of the total budget for fuel. (IBA Report 07-46, p. 88)
3. Given that the cost of replacing automated refuse containers will continue to become an increasing burden on the General Fund, it is recommended that a proposal to implement an automated refuse container replacement fee be developed and presented to the Natural Resources and Culture Committee in FY 2008. (FY 2007 Policy Recommendation)
4. As part of the BPR for Facilities Division, consider the use of an Internal Service Fund to provide appropriate and adequate funding. (FY 2007 Policy Recommendation)

Library

1. Consider alternatives to the Library Ordinance. (IBA Report 07-46, p. 96)

Park and Recreation

1. Develop a long-term strategic plan for the Environmental Growth Fund. (IBA Report 07-46, p. 108)

Redevelopment

1. The Redevelopment Agency should develop a plan and/or schedule to repay outstanding debt for each redevelopment project area and obtain a legal opinion on determination of findings for the transfer of debt from the City to the Agency. If possible, this discussion should occur at the Budget and Finance Committee. (NEW)

Risk Management

1. Explore the issue of Workers' Compensation reform further, including a presentation to the Budget and Finance Committee on current and future programs to reduce the number of claims. (IBA Report 07-46, p. 117)

San Diego Fire-Rescue

1. Present a report on costs and savings associated with San Diego Fire-Rescue's constant staffing policy to the Public Safety and Neighborhood Services Committee. (IBA Report 07-46, p. 120)

Attachment C

[SIGNED]

Lisa Celaya
Fiscal & Policy Analyst

[SIGNED]

Elaine DuVal
Fiscal & Policy Analyst

[SIGNED]

Tom Haynes
Fiscal & Policy Analyst

[SIGNED]

Jeff Kavar
Fiscal & Policy Analyst

[SIGNED]

Angela Means
Fiscal & Policy Analyst

[SIGNED]

Penni Takade
Deputy Director

[SIGNED]

Lauren Beresford
Research Analyst

[SIGNED]

Judy Stone
Executive Assistant

[SIGNED]

Andrea Tevlin
Independent Budget Analyst

Attachments (4)

- A – Summary Chart of IBA Positions
- B – Transient Occupancy Tax Growth Rate Analysis
- C – CFO Memorandum on Revisions to FY 2008 Proposed Budget
- D – Council Members' Budget Priority Memoranda

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

No. 07-9

DATE: June 7, 2007

TO: Honorable Council President and Members of the City Council

FROM: Andrea Tevlin, Independent Budget Analyst

SUBJECT: Budget & Finance Committee Action on FY 2008 Proposed Budget

On Wednesday, June 6, 2007, the Budget & Finance Committee considered the Mayor's FY 2008 Proposed Budget and the IBA's Recommended Modifications as described in IBA Report 07-60. The Budget Committee voted to adopt the Mayor's Proposed Budget, May Revise and the modifications in the IBA's reports along with a series of additional modifications, and to forward the package to the City Council. The detailed motion is attached to this memo as Attachment #1 and is also provided in the docket materials for Item 200 on the City Council Docket of June 11, 2007.

The IBA has quantified the proposed additional modifications by the Budget & Finance Committee. Attachment #2 outlines each of the modifications with budgetary impacts to the Proposed Budget and provides for a balanced General Fund through approximately \$2 million from FY 2007 surplus revenues identified in the CFO's Year-End Adjustment Report #07-105.

Attachment:

1. Motion by the Budget & Finance Committee 6/6/07 Agenda Item #2
2. Chart of Modifications to the FY 2008 Proposed Budget Recommended by the Budget & Finance Committee

Attachment D

BUDGET AND FINANCE COMMITTEE MEETING MOTION RE: FY 08 BUDGET 6/6/07 AGENDA ITEM # 2

Motion by Council President Peters, Second by Councilmember Madaffer

To accept the Mayor's Proposed FY 2008 budget proposal (including the May revise) with the following modifications:

1. The Independent Budget Analyst's recommended budget modifications, listed on page 12 of IBA Report 07-60, "Recommended Modifications to the Mayor's Proposed Fiscal Year 2008 Budget"; (Passed 5-0)
2. Revert to the Mayor's proposal on the number of positions and City Attorney total budget of 335.22 FTEs (found on page 243 of Mayor's Proposed FY 2008 budget), except that the 3 FTEs for attorneys on financial issues be added. (Passed 4-1, with Councilmember Frye voting No.)
3. Based on Councilmember Frye's brush management memo of May 31, 2007, add an additional 2 FTE at a cost of \$323,000 to Park and Recreation Open Space Division for the cost of the employees, tools required for brush management and contractual services. The \$323,000 will come from the excess revenues identified by Jay Goldstone in the FY 2007 Year-End Budget Adjustments released June 1, 2007, page 5, identified for terminal leave expenses for employees ending the DROP program. Request the Mayor to provide recommendations on how brush management would be handled with additional budgetary resources of \$323,000 or \$646,000. (Passed 5-0)
4. Retain Miscellaneous Unallocated Funds (line 6 of IBA Recommended Budget Modifications, p. 12), at a net cost of \$900,000. (Passed 3-2, with Councilmember Frye and the Chair voting No.)
5. Designate \$150,000 for preparation for Balboa Park Centennial, tentatively from Special Event Revolving Fund (subject to alternative recommendations from the CFO/Mayor); (Passed 5-0)
6. Increase Transient Occupancy Tax allocation from \$10,000 to \$25,000 per council district. (Passed 5-0)
7. Retain all Park Ranger positions, although unfunded and unfilled. (Passed 5-0)
8. Information on CERT to be provided by Monday. (Passed 5-0)

To endorse the actions listed in "Policy Recommendations" on pages 26 to 29 of IBA Report 07-60. (Passed 5-0)

Attachment D

Budget & Finance Committee Recommended Budget Modifications			
GENERAL FUND	FTE	EXPENSE	REVENUE
Cross Departmental			
1 Restoration of Part-Time Positions	176.44	\$ -	\$ -
2 Savings due to Health Care Reform	0.00	\$ (745,753)	\$ -
Major Revenues			
3 Increased Revenue due to TOT Growth Rate Revision	0.00	\$ -	\$ 3,441,686
4 Removal of Tourism Marketing District (TMD)	0.00	\$ -	\$ (5,000,000)
City Attorney			
5 Addition of 3.00 (of 17.00) Supplemental DCAs for Public Finance	3.00	\$ 550,000	\$ -
Citywide Program Expenditures			
6 Reduction in transfer from Special Promotional Programs to fund increased Council Arts allocations			\$ (120,000)
7 Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (745,753)	\$ -
8 Reduction of Extra Funds for City Actuary	0.00	\$ (372,877)	\$ -
9 Use of FY 2007 surplus revenues as shown in CFO's Year-End Adjustment Report #07-105	0.00	\$ -	\$ 1,982,735
Community and Legislative Services			
10 Addition for City TV 24 Closed Captioning	0.00	\$ 50,000	\$ -
Council Administration			
11 Addition for City Council Financial Training	0.00	\$ 15,000	\$ -
12 Addition for Audit Committee - Professional Audit Consultant	0.00	\$ 225,000	\$ -
General Services - Street Division			
13 Reduction of Vacancy Factor	0.00	\$ 423,195	\$ -
Library			
14 Restoration of Performance Annex Support	1.00	\$ 187,323	\$ -
Neighborhood Code Compliance			
15 Restoration for Code Compliance, Utility Worker and Paint	4.00	\$ 250,000	\$ -
Park and Recreation			
16 Restoration of Park Rangers as Vacant Positions	4.00	\$ -	\$ -
Police			
17 Addition of Vacant Positions for Northwestern Station	19.00	\$ -	\$ -
San Diego Fire-Rescue			
18 Restoration of 1.00 and Addition of 3.00 Brush Management Staff	4.00	\$ 468,286	\$ -
GENERAL FUND ADJUSTMENTS	211.44	\$ 304,421	\$ 304,421

NON-GENERAL FUND	FTE	EXPENSE	REVENUE
1 Restoration of Part-Time Positions	8.25	\$ -	\$ -
2 Savings due to Health Care Reform	0.00	\$ (254,247)	\$ -
3 Reduction of Extra Funds for Independent Consultant Contract	0.00	\$ (254,247)	\$ -
4 Reduction of Extra Funds for City Actuary	0.00	\$ (127,123)	\$ -
5 Removal of Increased Fees in Development Services	0.00	\$ -	\$ (180,000)
6 Special Promotional Programs: Council Arts allocations	0.00	\$ 120,000	\$ -
NON-GENERAL FUND ADJUSTMENTS	8.25	\$ (515,617)	\$ (180,000)

CLERK'S FILE COPY

(R-2007-1217)

RESOLUTION NUMBER R- 302734

DATE OF FINAL PASSAGE JUN 20 2007

RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO ADOPTING THE MAYOR'S FISCAL YEAR 2007-2008 BUDGET, MAKING MODIFICATIONS THERETO, AND AUTHORIZING AND DIRECTING THE CITY CLERK TO CAUSE SUCH FISCAL YEAR 2007-2008 BUDGET, AS SO MODIFIED, TO BE DELIVERED TO THE MAYOR AS SOON AS PRACTICABLE

WHEREAS, on April 13, 2007, the Mayor submitted the budget for the expense of conducting the affairs of the City of San Diego for the year commencing July 1, 2007 [Fiscal Year 2008 Proposed Budget] to the City Council in accordance with Charter section 265(b) (15), 69; and

WHEREAS, on April 27, 2007, the office of the Independent Budget Analyst [IBA] issued its preliminary report entitled "Review of Mayor's Proposed Fiscal Year 2008 Budget" [IBA Report No. 07-46], which contained a review and analysis of the Fiscal Year 2008 Proposed Budget; and

WHEREAS, the City Council and the Budget and Finance Committee held several public hearings between April 18 and May 23, 2007, at which public hearings the Mayor's Chief Financial Officer, together with department directors, presented budget overviews and responded to questions and comments from members of the Council and the public; and

WHEREAS, the Mayor has issued an additional budget document revision for the Council's consideration entitled "Fiscal Year 2008 Proposed Budget Recommended Revisions" [May 16, 2007]; and

Attachment E

(R-2007-1217)

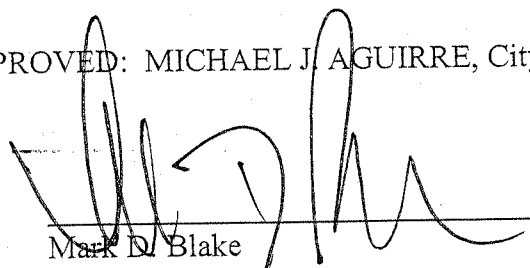
WHEREAS, on June 1, 2007, the IBA issued a final report entitled "Recommended Modifications to the Mayor's Proposed Fiscal Year 2008 Budget" and such report was heard at the Budget and Finance Committee meeting of June 6, 2007; NOW, THEREFORE,

BE IT RESOLVED by the Council of the City of San Diego that the Mayor's Fiscal Year 2008 Proposed Budget, including the Mayor's revisions of May 16, 2007, together with (i) the modifications to the Mayor's Fiscal Year 2008 Proposed Budget recommended by the Independent Budget Analyst and as further summarized in IBA Memorandum No. 07-60, page 12 thereto, released on June 1, 2007, and (ii) as further modified by the Council at its meeting of June 11, 2007 as reflected on Exhibit A hereto, is hereby approved.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized and directed to return, as soon as practicable, the Mayor's Proposed Fiscal Year 2008 Budget, as modified as stated above, to the Mayor in accordance with section 290(b)(2)(A) of the Charter.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Mark D. Blake
Chief Deputy City Attorney

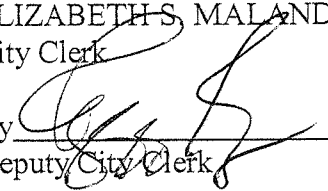
MDB:jdf
06/07/07
Or.Dept:IBA
R-2007-1217

Attachment E

(R-2007-1217)

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUN 11 2007.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 6.13.07
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

Attachment E

(R-2007-1217)

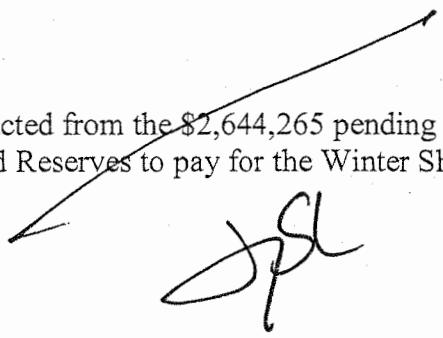
EXHIBIT A

1. The Independent Budget Analyst's recommended budget modifications, listed on page 12 of IBA Report 07-60, "Recommended Modifications to the Mayor's Proposed Fiscal Year 2008 Budget"
2. Revert to the Mayor's proposal on the number of positions and City Attorney total budget of 335.22 FTEs (found on page 243 of Mayor's Proposed FY 2008 Budget), except that the 3 FTEs for attorneys on financial issues be added.
3. With respect to brush management, adopt Scenario 2, Alternative A, from the June 8, 2007, Memorandum from Stacey LoMedico, Director of the Department of Park and Recreation, to add 4.00 Utility Worker I positions, vehicles, hand tools and power tools and contractual services, increasing the budget of the Park and Recreation Open Space Division by \$646,000, thereby allowing the City to thin an additional 140 acres per year. The \$646,000 will come from the excess revenues identified by Jay Goldstone in the FY 2007 Year-End Budget Adjustments released June 1, 2005, page 5, identified for terminal leave expenses for employees ending the DROP program.
4. Retain Miscellaneous Unallocated Funds (line 6 of IBA Recommended Budget Modifications, p. 12) at a net cost of \$900,000.
5. Designate \$150,000 for preparation for Balboa Park Centennial, tentatively from Special Event Revolving Fund (subject to alternative recommendations from the CFO/Mayor)
6. Increase Transient Occupancy Tax allocation from \$10,000 to \$25,000 per council district. The additional \$120,000 will come from the excess revenues identified by Jay Goldstone in the FY 2007 Year-end Budget Adjustments released June 1, 2005, identified for terminal leave expenses for employees ending the DROP program.
7. Retain all Park Ranger positions, although unfunded and unfilled.
8. Fund a half position of a Council Committee Consultant to support California Coastal Commissioner's duties at the committee consultant rate. The additional \$50,000 will come from the excess revenues identified by Jay Goldstone in the FY 2007 year-end budget adjustments released June 1, 2005, identified for terminal leave expenses for employees ending the DROP program.
9. Provide for an outside audit of the SEDC from the SEDC budget.
10. Endorse the actions listed in "Policy Recommendations" on pages 26 to 29 of IBA Report 07-60. Add a policy recommendation that the City commit to work continuously on equal opportunity contracting.
11. Reduce the \$5,000,000 to be deposited into the General Fund reserves to \$2,644,265 instead of taking the funds from fiscal year 2007 Reserves.

Attachment E

(R-2007-1217)

12. \$465,000 shall be deducted from the \$2,644,265 pending discussion on September 11th to be put into the General Fund Reserves to pay for the Winter Shelter as the money comes in it shall be put into the reserves.

A handwritten signature, possibly "JPS", is written below the text. A long diagonal line starts from the signature area and extends upwards and to the right, crossing over the text.

Attachment E



Mayor Jerry Sanders

Notice of Line Item Veto

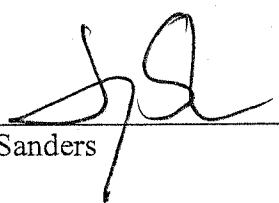
June 13, 2007

As part its unanimous approval of my FY08 City budget, the City Council authorized a \$465,000 reduction in funds from General Fund reserves to pay for the homeless emergency shelter for this year. **It is my intent to veto this change when the final budget document arrives for my signature.** Rather than diminish our reserve funds, I encourage the City Council to join me in asking the Housing Commission and Centre City Development Corporation to work cooperatively to find a solution for the shelter's funding needs.

On June 5, while acting in its capacity as the Housing Authority, the City Council directed the Housing Commission to return on September 11, 2007 with information regarding permanent funding options within a comprehensive plan for the homeless emergency shelter program. I believe the Council's decision to reduce General Fund reserves to pay for the emergency shelter program is premature given that direction and scheduled hearing.

I continue to state that I do not believe it is appropriate to use General Fund monies for social service programs. In the May 2, 2007 *Report to the City Council; FY 2008 Social Service Program* my office proposed fully funding the homeless emergency shelter with Community Development Block Grant (CDBG) dollars. This is an appropriate use of these federal funds. With all the needs facing the city, I believe that there is more appropriate use of tax payer dollars.

Therefore **I will be line item vetoing this piece of the FY08 budget** and ask the City Council to wait until the Housing Commission presents its plan before reducing the City's reserves and before you have a chance to take a comprehensive approach on this issue.



Mayor Jerry Sanders

6.13.07

Date

R. 302734

CLERK'S FILE COPY

(0-2008-17)

ORDINANCE NUMBER O- 19652 (NEW SERIES)

DATE OF FINAL PASSAGE JUL 30 2007

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR
THE FISCAL YEAR 2008 AND APPROPRIATING THE
NECESSARY MONEY TO OPERATE THE CITY OF
SAN DIEGO FOR SAID FISCAL YEAR

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

SECTION 1. The budget for the expense of conducting the affairs of the City of San Diego for the fiscal year commencing July 1, 2007, and ending June 30, 2008, heretofore prepared and submitted to this Council by the Mayor and amended through the Mayor's Revision submitted May 16, 2007, by recommendations from the Office of the Independent Budget Analyst, and by changes from the City Council and the Mayor's veto, all of which was approved by Council on June 20, 2007, and on file in the Office of the City Clerk as Resolution No. R-302734 is hereby adopted as the Annual Budget for said fiscal year.

SECTION 2. There is hereby appropriated for expenditure out of the funds of said City for municipal purposes the amounts set forth in Attachment 1 and in the approved Capital Improvement Program Budget, which defines the legal levels at which the City Auditor and Comptroller shall control operational and capital project spending.

I. GENERAL FUND

(A) The Mayor and City Auditor and Comptroller are hereby authorized to transfer to an appropriate account from the departmental appropriations as set forth in Attachment 1 an amount sufficient to assure that, in the event there is a shortfall in projected revenues, there are sufficient revenues to cover the remaining appropriations; provided that in the case that projected revenue estimates are met, the funds set aside may be returned to their respective appropriation accounts.

Attachment F

(0-2008-17)

(B) The City Auditor and Comptroller is authorized and directed to deposit the \$3.3 million. budgeted amount as well as any revenues in excess of expenditures at fiscal year end to a General Fund Unappropriated/Unallocated Reserve.

(C) The City Auditor and Comptroller is to appropriate and expend interest earnings generated from the issuance of Tax and Revenue Anticipation Notes for the purpose of funding expenditures related to their issuance.

(D) The provisions in the Library Ordinance, Municipal Code Section 22.0228, restricting funding are hereby waived.

(E) The City Auditor and Comptroller is authorized and directed, upon approval of the Mayor, to transfer appropriations for costs avoided in one department by a mutual agreement to incur them in another department.

(F) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to increase revenue and expenditure appropriations for the purpose of implementing Council approved economic development and business incentive programs that include the Business and Industry Incentive Program (Council Policy 900-12), the Housing Impact Fee Waiver-Enterprise Zones Program, the Small Business Enhancement Program, and the Storefront Improvement Program (Council Policy 900-17) and the Community Parking District Policy (Council Policy 100-18).

(G) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to increase revenue and expenditure appropriations for the purpose of paying unanticipated Property Tax Administration fees to the County of San Diego.

0-19652

II. SPECIAL REVENUE FUNDS

(A) Community Development Block Grant Funds

(1) Community Development Block Grant Funds are appropriated for the purposes established by the grant provisions as approved and authorized by Council. All authorized but incomplete program activities and unexpended monies related thereto remaining in the Community Development Block Grant Funds on June 30, 2008 shall be carried forward to future years for the purpose of completing said authorized activities.

(2) The City Auditor and Comptroller is authorized, upon the direction of the respective Council District, to allocate the Council District's reserves or reallocate appropriations from budgeted projects later determined ineligible to new or existing CDBG eligible projects.

(3) The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to transfer a maximum of \$100,000 per capital project from fund reserves or excess program income to projects for eligible costs, such as engineering, in excess of approved appropriations.

(B) Transient Occupancy Tax Fund (10220)

(1) The provisions of Council Policy 100-03 (Transient Occupancy Tax), for specific activities funded by this ordinance, are deemed and declared to be complied with, by the adoption of this Ordinance. Notwithstanding the foregoing, the Council hereby waives certain provisions of Council Policy 100-03, Attachment A (see Attachment 2) for the entities set forth below:

San Diego Convention & Visitors Bureau	B-1
San Diego Film Commission	B-1
San Diego International Sports Council	B-3
San Diego North Convention & Visitors Bureau	B-3
San Diego Regional Economic Development Corporation	B-3

Attachment F

(0-2008-17)

Horton Plaza Theatres Foundation

B-1, B-2, and B-4

Nothing contained in this paragraph shall be deemed to constitute a waiver of the ban prohibiting the use of TOT funds for the purchase of alcoholic beverages.

(2) The Mayor or his designee is hereby authorized to execute appropriate agreements for the conduct of activities associated with the allocations authorized by Council for Fiscal Year 2008. It is the intent of the Council that the Transient Occupancy Tax Fund appropriations be expended in accordance with the Council Policy 100-03.

(C) Environmental Growth Funds (10505, 105051, 105052)

(1) It is the intent of the Council that the Environmental Growth Fund appropriations are to be expended for those purposes described in City Charter Section 103.1a. The provisions in the San Diego Municipal Code Section 63.30, as amended by Ordinance 19159 are hereby waived.

(2) Any monies deposited in the Environmental Growth Fund in excess of estimated revenue as described in Section 103.1a of the City Charter and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which the Environmental Growth Fund was created and may be expended only by Council resolution. The Council may, from time-to-time, for purposes of augmenting specified programs, elect to allocate additional monies to the Environmental Growth Fund from sources other than those enumerated in Section 103.1a of the Charter. In that event, those additional monies shall not be subject to any fractional allocation but shall be used solely and exclusively for the program purpose designated by Council.

III. DEBT SERVICE FUNDS

General Obligation Bond Interest and Redemption Fund (21640)

There is hereby appropriated the current year's proceeds from the tax levy as required to pay debt service on the issuance of \$25.5 million aggregate principal amount of General Obligation

bonds authorized in an election held on June 5, 1990 by a favorable vote of more than two-thirds of all the voters voting on the proposition.

IV. CAPITAL PROJECTS FUNDS

(A) Any additions to or deletions from the Capital Improvements Program, as may be required, shall be made by Council resolution provided funding is available for such action. The City Auditor and Comptroller, at the direction of the Mayor, is authorized and directed to add maintenance projects funded elsewhere which are determined to be of a capital nature to the Capital Improvements Program.

(B) The City Auditor and Comptroller is authorized and directed upon the direction of the Mayor, to transfer unexpended balances in completed current year Capital Improvements Program projects to the appropriate Capital Improvements Program Unallocated Reserve, Annual Allocation or Fund Balances.

(C) The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to transfer and appropriate a maximum of \$200,000 per project not to exceed 10% of the project budget from appropriate Unallocated Reserves, Annual Allocations, earned interest or Unappropriated Fund Balances to Capital Improvements Program projects to reimburse eligible costs in excess of approved appropriations at project completion.

(D) The City Auditor and Comptroller is authorized to make cash advances from the appropriate revenue source funds for the purpose of funding incidental and engineering costs of projects included in the long-range Capital Improvements Program Budget. Such advances shall be reimbursed to the respective Fund upon appropriation. In addition, the City Auditor and Comptroller is authorized and directed to advance funds as required for grant funded projects based

Attachment F

(0-2008-17)

on earned grant revenue receivable. Advances will be returned upon the payment of the grant receivable.

(E) The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to reallocate revenue sources between Capital Improvements Program projects, in accordance with the restrictions placed on various revenues where the net reallocation does not result in a net increase to any of the revenue sources or project budgets.

(F) Facilities Benefit Assessment Funds and Development Impact Fee Funds (79001-79016), (79501-79535), 39051-39095)

(1) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to modify individual Capital Improvements Program project budgets in accordance with Council-approved Community Public Facilities Financing Plans.

(2) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to reallocate DIF funded appropriations between Council-approved projects in order to expedite the use of DIF funds in accordance with AB1600 requirements.

(3) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to appropriate and transfer monies from DIF funds to the Redevelopment Agency of the City of San Diego (Agency) for reimbursable capital project expenditures as authorized by City Council resolution RR-300013 dated December 7, 2004 and the Redevelopment Agency resolution R-03862. The transfers will be limited to availability of funds within DIF funds and to projects identified in the Centre City Public Facilities Financing Plan.

(4) The City Auditor and Comptroller is authorized, upon the direction of the Mayor, to appropriate in the FBA and DIF funds a sufficient and necessary amount to reimburse the administrative costs incurred by other City funds.

(G) TransNet Funds (30300-30303, 30306)

(1) The TransNet Funds (30300-30303, 30306) are hereby appropriated for the purposes authorized by Proposition A - San Diego Transportation Improvement Program Ordinance and Expenditure Plan; the Regional Transportation Improvement Program (RTIP) and the Annual Budget Document.

(2) The City Auditor and Comptroller may reallocate funding among the projects contained in the RTIP and the Capital Improvements Program Budget, upon the request of the responsible department director and upon the approval of the Mayor, provided that such reallocation does not increase the total TransNet appropriations. The City Auditor and Comptroller may, upon the direction of the Mayor, appropriate and reallocate Gas Tax and AB 2928 Funds for Council approved TransNet Funded projects in order to reduce the use of debt and maximize the use of cash in both funds. The Mayor is authorized as the Council designee to direct the San Diego Association of Governments (SANDAG) to amend the RTIP for such reallocations.

(3) Any monies deposited in the TransNet funds in excess of estimated revenue and any carryover monies from the previous fiscal year are hereby appropriated for the purpose for which said Funds were created and may be appropriated and expended by the City Auditor and Comptroller, upon the direction of the Mayor, provided that such an increase is part of the RTIP.

(H) Infrastructure Improvement Fund (10529)

(1) Any carryover monies from the previous fiscal year in the Infrastructure Improvement Fund (10529) are hereby appropriated for the purpose for which said fund was created.

(2) Funds from the Infrastructure Improvement Fund may be transferred and appropriated to the General Fund upon the direction of the Mayor for purposes identified by the Mayor for the

Attachment F

(0-2008-17)

Mayor's Infrastructure Improvement Fund or by the Council Districts for the individual Council District's Infrastructure Improvement Funds.

(3) The City Auditor and Comptroller is authorized to add and establish CIP projects as identified by the Mayor and City Council that are not currently in the Capital Improvements Program. The City Auditor and Comptroller is authorized, upon the direction of the Mayor to return any Infrastructure Improvement Funds deemed to be surplus in a project

V. ENTERPRISE FUNDS

(A) All Enterprise Funds are hereby appropriated for the purpose of providing for the operation, maintenance and development of their respective purposes.

(B) Reserve Funds are hereby appropriated to provide funds for the purpose for which the Fund was created. The City Auditor and Comptroller is hereby authorized to return to the source Fund monies deposited in Reserve Funds in excess of amounts required.

(C) The City Auditor and Comptroller may reallocate appropriations in the Capital Improvement Program, changing the total appropriation for any given project contained in the Council-approved Capital Improvements Program to cover costs related to a redistribution of program wide contracts for Construction Management.

(D) The City Auditor and Comptroller may reallocate appropriations and associated encumbrances from any Council approved budgeted project in the Capital Improvement Program to the Fund's annual operating budget for costs associated with extended environmental monitoring for re-vegetation. Such reallocation shall decrease the total appropriation and encumbrance for the project and increase the appropriation and encumbrance in the annual operating budget by an equal amount provided that the reallocation is no greater than 5% of the capital project budget.

VI. INTERNAL SERVICE FUNDS

(A) The City Auditor and Comptroller is hereby authorized, upon the direction of the Mayor, to distribute surplus retained earnings or excess contributions from various internal service funds back to appropriate contributing funds or between employee benefit-related internal service funds.

(B) Equipment Operating Fund #50030 and Equipment Replacement Fund #50031

The City Auditor and Comptroller is hereby authorized and directed, upon the direction of the Mayor, to redistribute contributions among the Equipment Operating and Equipment Replacement internal service funds or to advance funds between these internal service funds.

VII. TRUST AND AGENCY FUNDS

These funds are established to account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds; for example, federal and state income taxes withheld from employees, 401(k) and deferred compensation plans, parking citation revenues, and employee benefit plans. The City Auditor and Comptroller is authorized and directed to establish the appropriate agency funds and to deposit and disburse funds in accordance with the respective agency relationships.

SECTION 3. The Mayor is hereby authorized to execute appropriate initial and continuing contracts and agreements for the conduct of activities associated with the allocations authorized by Council and in accordance with provisions of grant agreements.

SECTION 4. The City Auditor and Comptroller is authorized, upon direction of the Mayor, to release excess rate stabilization funds and debt service stabilization funds to the appropriate unallocated reserve or fund balance.

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SECTION 5. The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to make inter-fund loans, including interest at the City's pooled rate of return, between funds to cover cash needs. These loans may, if appropriate, extend beyond the current fiscal year.

SECTION 6. All interest earnings generated by any fund which has been established pursuant to a legal or contractual requirement, externally imposed restriction, or by enabling legislation (including, but not limited to, the Appropriation Ordinance) shall remain in said fund solely for the purpose the fund was intended.

SECTION 7. All Funds, established by Council in previous fiscal years or during the current fiscal year, are appropriated for the purposes established by applicable laws and/or in accordance with provisions of agreements authorized by Council and for projects contained in the Council-approved Capital Improvements Program or authorized by Council resolution. The City Auditor and Comptroller is authorized and directed to expend monies within the funds for services provided by those funds. The City Auditor and Comptroller is authorized and directed, upon approval of the Mayor, to return any surplus monies to the contributing funds.

SECTION 8. The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to transfer current and/or prior years' surplus monies within the Flexible Benefit/Management Benefit Programs reimbursement funds after fiscal year end. Any remaining surplus monies (excluding flexible spending accounts) in the reimbursement funds may be transferred by the City Auditor and Comptroller, upon the direction of the Mayor, to the Risk Management Administration Fund (50061) to be expended, up to the full forfeited amount, for programs which benefit City employees.

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The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to transfer surplus/reserves within other employee benefit funds or to reallocate these monies to other fringe benefit funds.

SECTION 9. The City Auditor and Comptroller is authorized and directed, upon the direction of the Mayor, to make appropriate inter-fund transfers in accordance with the Annual Budget Document and estimated sources of revenue.

The City Auditor and Comptroller may, upon the direction of the Mayor, transfer funds to related City entities in accordance with the Annual Budget Document and appropriate funding source rules and regulations.

SECTION 10. The City Auditor and Comptroller is authorized and directed to appropriate and expend donations in accordance with Council Policy 100-02 (City Receipt of Donations).

SECTION 11. All revenues generated consistent with the Public Trust pursuant to Section 6306 of the Public Resources Code in relation to operation of Mission Bay Park and Ocean Beach Park in excess of expenditures for operations, maintenance and capital improvements during the fiscal year are hereby placed in a special fund to be used exclusively for past and future operations, maintenance and capital improvements and for past, current, and future expenditures uncompensated by past, current and future revenues derived from Mission Bay Park and Ocean Beach Park as required by agreements with the State of California. Excess revenues are hereby appropriated for said purposes and may be expended only by Council resolution or in accordance with projects contained in the Council-approved Capital Improvements Program.

All revenues generated by sovereign trust lands granted by the State of California to the City of San Diego pursuant to section 6306 of the Public Resources Code are hereby appropriated for purposes consistent with the public trust.

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SECTION 12. All other revenues which are not appropriated by any other section of this ordinance, and which are in excess of budgeted revenue as determined by the Mayor, are hereby transferred by the City Auditor and Comptroller to legally established reserve fund(s) or account(s). However, in no event shall the total appropriations of all tax revenues as defined by Article XIII B of the California State Constitution made pursuant to this ordinance exceed the City's legal limit.

The total appropriation is \$2,915,517,597 a portion of which will be derived from proceeds of taxes as defined within Article XIII B of the State Constitution.

It is the intent of this ordinance to comply with Article XIII B of the California State Constitution.

SECTION 13. The City Auditor and Comptroller is authorized and directed, upon direction of the Mayor, to modify budgets in accordance with the Fiscal Year 2008 Tax Rate Ordinance as approved by Council. Further, the Financial Management Department is directed to modify the Annual Budget Document in accordance with the Tax Rate Ordinance.

SECTION 14. The City Auditor and Comptroller is authorized and directed to close obsolete or inactive funds; residual balances of such funds shall be returned to their source or, if to the General Fund, to a General Fund Unappropriated/Unallocated Reserve. The City Auditor and Comptroller shall periodically report fund closures to the City Council and recommend the appropriation of any residual balances.

SECTION 15. Effective July 1, 2007, the Auditor & Comptroller is directed to withhold payment of fees, costs and expenses associated with any case/claim filed by the City Attorney in which the authorization to file such case or claim has not been pre-approved by the City Council. This includes but is not limited to such fees, costs and expenses for outside legal fees, expert witnesses/testimony, and investigative expenses.

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When submitting requests for payment to the Auditor & Comptroller, the City Attorney shall provide the following information in addition to the invoice prior to payment by the Auditor & Comptroller:

1. The letter of engagement for the services being provided by outside legal counsel or contract or purchase order for other related services, and
2. A memorandum signed by a representative of the City Attorney's Office indicating a) that these services have been approved by the City Council, b) the resolution or ordinance number, and/or the Statute of Limitations date for the matter requiring filing prior to City Council approval; or
3. A memorandum signed by a representative of the City Attorney's Office indicating that these services are unrelated to any ongoing pending action authorized/ approved by the City Council.

In litigation invoking situations 2 and 3 above, the Auditor & Comptroller is directed to present a report to the City Council (in the form of a 1472) for review and approval in those instances where an invoice is submitted for payment and prior City Council authorization has not been received.

This provision does not apply to payroll expenditures for City Attorney Staff nor does it restrict the City Attorney from filing a claim against a defendant if the City Attorney is subject to a statute of limitation deadline and cannot seek City Council approval prior to the expiration of such statute of limitation. Under this situation, the City Attorney shall minimize expenditures and notify outside counsel, if appropriate, that City Council approval is necessary to proceed and shall seek City Council approval within 30 days from the date of filing. Should City Council approval not be

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secured, the action will be dismissed without prejudice. This provision also does not apply to costs incurred by the City Attorney in defending the City against claims filed against it.

SECTION 16. It is the express intent of the City Council that, notwithstanding anything to the contrary herein, any economic benefit, savings, or effect of this ordinance shall not be used, directly or indirectly, to fund, support in any way, or ratify any employment or retirement benefit determined to be illegal by a court of law.

SECTION 17. The powers of the Council not delegated to the Mayor, Chief Financial Officer, Director of Financial Management and City Auditor and Comptroller, as specifically set forth herein, are reserved to the Council in accordance with the terms of the Charter.

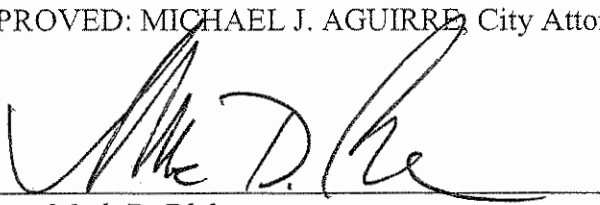
SECTION 18. That a full reading of this ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

SECTION 19. This ordinance is declared to take effect and be in force immediately upon its passage after two (2) public hearings pursuant to the authority contained in Sections 71, 275, and 295 of the Charter of the City of San Diego.

SECTION 20. The Mayor shall have no veto power over this ordinance pursuant to Section 280(a)(4) of the Charter of the City of San Diego.

APPROVED: MICHAEL J. AGUIRRE, City Attorney¹

By



Mark D. Blake
Chief Deputy City Attorney

MDB:jdf
08/03/2007
Or.Dept:Mayor
O-2008-17

¹ Notwithstanding the execution of this Ordinance, the City Attorney has advised the Mayor and City Council that Section 15 of this Ordinance is illegal, void and of no effect under the Charter. The opinion of the City Attorney is attached hereto as Attachment 3. The execution of this document does not alter or modify or withdraw said opinion, and the same remains in full force and effect.

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ATTACHMENT 1

Fiscal Year 2008 Operating and Capital Improvement Program Appropriations

OPERATING APPROPRIATIONS	Salaries & Wages	Fringe & Non-Personnel	FY2008 Appropriation
General Fund			
Business and Support Services	\$ 1,471,987	\$ 911,104	\$ 2,383,091
City Attorney	\$ 22,999,174	\$ 13,912,000	\$ 36,911,174
City Auditor and Comptroller	\$ 6,584,643	\$ 4,926,447	\$ 11,511,090
City Clerk	\$ 2,307,240	\$ 2,101,021	\$ 4,408,261
City Council District 1	\$ 563,464	\$ 426,536	\$ 990,000
City Council District 2	\$ 521,297	\$ 468,703	\$ 990,000
City Council District 3	\$ 606,134	\$ 383,866	\$ 990,000
City Council District 4	\$ 577,803	\$ 412,197	\$ 990,000
City Council District 5	\$ 527,744	\$ 462,256	\$ 990,000
City Council District 6	\$ 502,348	\$ 487,652	\$ 990,000
City Council District 7	\$ 560,330	\$ 429,670	\$ 990,000
City Council District 8	\$ 585,960	\$ 404,040	\$ 990,000
City Planning and Community Investment	\$ 6,567,581	\$ 10,148,754	\$ 16,716,335
City Treasurer	\$ 6,694,943	\$ 7,746,973	\$ 14,441,916
Citywide Program Expenditures	\$ -	\$ 47,811,862	\$ 47,811,862
Community and Legislative Services	\$ 2,141,232	\$ 2,239,301	\$ 4,380,533
Council Administration	\$ 910,215	\$ 939,256	\$ 1,849,471
Customer Services	\$ 1,116,590	\$ 1,406,542	\$ 2,523,132
Debt Management	\$ 1,557,979	\$ 1,172,422	\$ 2,730,401
Development Services	\$ 3,737,234	\$ 2,966,682	\$ 6,703,916
Engineering and Capital Projects	\$ 20,650,040	\$ 14,774,388	\$ 35,424,428
Environmental Services	\$ 8,886,415	\$ 31,906,939	\$ 40,793,354
Ethics Commission	\$ 656,647	\$ 364,459	\$ 1,021,106
Family Justice Center	\$ 297,387	\$ 239,971	\$ 537,358
Financial Management	\$ 2,123,633	\$ 1,994,144	\$ 4,117,777
General Services	\$ 23,685,627	\$ 84,363,834	\$ 108,049,461
Labor Relations	\$ 514,701	\$ 294,920	\$ 809,621
Land Use and Economic Development	\$ 455,009	\$ 243,990	\$ 698,999
Library	\$ 18,154,992	\$ 19,475,672	\$ 37,630,664
Mayor	\$ 387,053	\$ 240,838	\$ 627,891
Office of the Chief Financial Officer	\$ 438,140	\$ 629,209	\$ 1,067,349
Office of the Chief Information Officer	\$ -	\$ 29,063,056	\$ 29,063,056
Office of Ethics and Integrity	\$ 1,057,957	\$ 1,342,580	\$ 2,400,537
Office of Homeland Security	\$ 789,074	\$ 992,168	\$ 1,781,242
Office of the Independent Budget Analyst	\$ 878,404	\$ 437,930	\$ 1,316,334
Park and Recreation	\$ 32,261,847	\$ 55,258,294	\$ 87,520,141
Personnel	\$ 3,896,810	\$ 2,723,192	\$ 6,620,002
Police	\$ 214,753,888	\$ 177,582,807	\$ 392,336,695
Public Safety	\$ 684,905	\$ 2,368,281	\$ 3,053,186
Public Works	\$ 559,004	\$ 295,526	\$ 854,530
Purchasing and Contracting	\$ 3,261,160	\$ 2,352,339	\$ 5,613,499
Real Estate Assets	\$ 2,430,323	\$ 1,831,139	\$ 4,261,462

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OPERATING APPROPRIATIONS

	Salaries & Wages	Fringe & Non- Personnel	FY2008 Appropriation
General Fund (continued)			
San Diego Fire-Rescue	\$ 101,615,800	\$ 78,327,298	\$ 179,943,098
Special Events	\$ 219,174	\$ 278,806	\$ 497,980
General Fund Total	\$ 499,191,888	\$ 607,139,064	\$ 1,106,330,952

Debt Service and Tax Funds

Bond Interest and Redemption	\$ -	\$ 2,328,947	\$ 2,328,947
Tax Anticipation Notes	\$ -	\$ 5,109,000	\$ 5,109,000
Zoological Exhibits	\$ -	\$ 8,423,463	\$ 8,423,463
Debt Service and Tax Funds Total	\$ -	\$ 15,861,410	\$ 15,861,410

Special Revenue Funds

City Redevelopment Administration	\$ 2,009,699	\$ 1,651,997	\$ 3,661,696
Community Development Block Grant	\$ -	\$ 202,856	\$ 202,856
Convention Center Complex	\$ -	\$ 14,295,070	\$ 14,295,070
Energy Conservation Program	\$ 724,350	\$ 1,520,634	\$ 2,244,984
Environmental Growth - 1/3	\$ -	\$ 5,068,068	\$ 5,068,068
Environmental Growth - 2/3	\$ -	\$ 9,333,907	\$ 9,333,907
Facilities Financing	\$ 1,071,044	\$ 1,616,083	\$ 2,687,127
Fire/Emergency Medical Services Transport Program	\$ 4,013,043	\$ 2,654,925	\$ 6,667,968
Fire and Lifeguard Facilities	\$ -	\$ 1,667,420	\$ 1,667,420
Gas Tax	\$ -	\$ 24,358,245	\$ 24,358,245
Library Grant Funds	\$ 408,745	\$ 322,628	\$ 731,373
Los Peñasquitos Canyon Preserve	\$ 110,652	\$ 116,043	\$ 226,695
Municipal Parking Garages	\$ 167,067	\$ 2,659,103	\$ 2,826,170
New Convention Facility	\$ 50,000	\$ 4,289,198	\$ 4,339,198
Office of the Chief Information Officer	\$ 6,245,681	\$ 8,891,639	\$ 15,137,320
PETCO Park	\$ 55,609	\$ 17,398,552	\$ 17,454,161
Police Decentralization	\$ -	\$ 9,096,768	\$ 9,096,768
Public Art	\$ -	\$ 30,000	\$ 30,000
QUALCOMM Stadium	\$ 2,380,206	\$ 15,361,373	\$ 17,741,579
Seized and Forfeited Assets	\$ -	\$ 1,521,105	\$ 1,521,105
Solid Waste Local Enforcement Agency	\$ 408,512	\$ 523,417	\$ 931,929
Special Promotional Programs	\$ 486,197	\$ 77,067,651	\$ 77,553,848
Storm Drain	\$ -	\$ 6,046,746	\$ 6,046,746
TransNet	\$ -	\$ 16,255,048	\$ 16,255,048
Trolley Extension Reserve	\$ -	\$ 4,110,150	\$ 4,110,150
Undergrounding Utility Program	\$ 659,722	\$ 880,880	\$ 1,540,602
Unlicensed Driver Vehicle Impound	\$ 797,904	\$ 530,000	\$ 1,327,904
Special Revenue Funds Total	\$ 19,588,431	\$ 227,469,506	\$ 247,057,937

Enterprise Funds

Airports	\$ 1,051,500	\$ 1,812,804	\$ 2,864,304
Development Services	\$ 25,647,672	\$ 27,400,214	\$ 53,047,886
Golf Course	\$ 4,111,583	\$ 8,735,409	\$ 12,846,992
Recycling	\$ 7,368,036	\$ 16,637,726	\$ 24,005,762
Refuse Disposal	\$ 8,662,908	\$ 25,169,581	\$ 33,832,489
Sewer	\$ 59,837,143	\$ 309,930,439	\$ 369,767,582

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OPERATING APPROPRIATIONS	Salaries & Wages	Fringe & Non-Personnel	FY2008 Appropriation
Enterprise Funds (continued)			
Water	\$ 50,268,860	\$ 310,110,417	\$ 360,379,277
Enterprise Funds Total	\$ 156,947,702	\$ 699,796,590	\$ 856,744,292
Internal Service Funds			
Central Stores	\$ 853,838	\$ 22,975,463	\$ 23,829,301
Balboa Park/Mission Bay Improvements	\$ -	\$ 6,949,448	\$ 6,949,448
Engineering and Capital Projects - Water/Wastewater	\$ 11,516,458	\$ 13,971,407	\$ 25,487,865
Enterprise Resource Planning (ERP)	\$ -	\$ 4,342,500	\$ 4,342,500
Equipment Division	\$ 13,484,599	\$ 67,888,062	\$ 81,372,661
Publishing Services	\$ 1,092,181	\$ 3,101,642	\$ 4,193,823
Risk Management	\$ 4,765,050	\$ 4,308,884	\$ 9,073,934
Internal Service Funds Total	\$ 31,712,126	\$ 123,537,406	\$ 155,249,532
Other Service Funds			
City Employees' Retirement System	\$ 4,939,275	\$ 37,260,936	\$ 42,200,211
Open Space Park Facilities	\$ -	\$ 437,025	\$ 437,025
Other Service Funds	\$ 4,939,275	\$ 37,697,961	\$ 42,637,236
TOTAL OPERATING APPROPRIATIONS	\$ 712,379,422	\$ 1,711,501,937	\$ 2,423,881,359

CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

	FY2008 Appropriation
City Planning and Community Investment	
39-207.0 North Park/University Avenue - Streetscape Improvements	\$ 30,000
39-217.0 Annual Allocation - Removal of Architectural Barriers - CDBG Funded	\$ 1,703,949
39-803.0 Annual Allocation - Downtown Parking Projects	\$ 1,500,000
City Planning and Community Investment Total	\$ 3,233,949
Development Services	
58-001.0 Annual Allocation - New Development	\$ 150,000
Development Services Total	\$ 150,000
Engineering and Capital Projects	
12-152.0 Famosa Slough Salt Marsh Restoration	\$ 26,000
13-501.0 Talbot Street Slope	\$ 250,000
37-028.0 Undergrounding of City Utilities	\$ 58,605,247
37-200.0 Consultant Services/Right-Of-Way Projects	\$ 20,000
39-233.0 Reo Drive Streetscape	\$ 650,000
52-293.0 Street Lights - Citywide	\$ 300,000
52-338.0 Beach Access Reconstruction	\$ 30,000
52-372.0 Genesee Avenue - Widen Interstate 5 Crossing	\$ 3,200,000
52-378.0 East San Rafael Street Deceleration Lane	\$ 160,000
52-392.0 Carroll Canyon Road - Sorrento Valley Road to Scranton Road	\$ 4,500,000
52-409.0 43rd Street and Logan/National Avenue Intersection	\$ 500,000
52-411.0 Carmel Mountain Road - Neighborhood 10 Boundary to Del Mar Mesa Road	\$ 900,000
52-417.0 Eastgate Mall - Miramar Road to San Diego Gas and Electric (SDG&E) Easement	\$ 100,000
52-455.0 State Route 163 and Friars Road	\$ 4,000,000

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

FY2008
Appropriation

Engineering and Capital Projects (continued)

52-466.0 Carmel Valley Road - Via Albutura to Camino Del Sur	\$ 5,825,333
52-479.0 El Camino Real - San Dieguito Road to Via de la Valle	\$ 300,000
52-492.0 Del Sol Boulevard - Central	\$ 2,000,000
52-517.0 Carmel Valley Road - 300 Feet East of Portofino Drive to Del Mar	\$ 1,500,000
52-519.0 Bridge Rails - Citywide	\$ 500,000
52-555.0 Georgia Street Bridge/University Avenue Separation Replacement	\$ 200,000
52-588.0 Streamview Drive Improvement - 54th Street to College Avenue	\$ 100,000
52-640.0 Palm Avenue/Interstate 805 Interchange	\$ 7,704,000
52-642.0 Old Otay Mesa Road - Westerly	\$ 850,000
52-643.0 West Mission Bay Drive Bridge over San Diego River	\$ 650,000
52-653.0 Camino del Sur - Carmel Mountain Road to 1,600 Feet North of Park Village Road	\$ 5,999,000
52-664.0 Debt Service for TransNet Bond Funded Projects	\$ 2,350,340
52-676.0 Mira Sorrento Place - Scranton Road to Vista Sorrento Parkway	\$ 60,000
52-679.0 Miramar Road - Interstate 805 Easterly Ramps to 300 Feet East of Eastgate Mall	\$ 2,200,000
52-683.0 Debt Service for TransNet Commercial Paper Funded Projects	\$ 2,653,574
52-697.0 State Route 905	\$ 1,046,500
52-699.0 Euclid Avenue Improvements - Home Avenue to Thorn Street	\$ 70,000
52-712.0 Del Mar Mesa Road - Carmel Country Road to Carmel Mountain Road	\$ 1,059,986
52-715.0 Sidewalks - Citywide	\$ 350,000
52-723.0 Little McGonigle Ranch Road - Del Mar Mesa Road to State Route 56	\$ 2,532,500
52-731.0 Del Mar Heights Road - Westerly of Old Carmel Valley Road	\$ 1,300,000
52-733.0 Carmel Valley Road - Four/Six lanes southerly of Street A	\$ 4,413,000
52-743.0 Euclid Avenue Corridor Improvements	\$ 75,000
52-745.0 Clairemont Mesa Boulevard/SR-163 Improvements	\$ 2,500,000
52-747.0 Carmel Valley Road - Street A to Neighborhood Parkway	\$ 2,932,346
52-767.0 El Camino Real Widening	\$ 100,000
52-768.0 Genesee Avenue - Northbound Dual Left Turn Lanes at Eastgate Mall	\$ 1,006,250
52-770.0 Village Loop Road - Carmel Valley Road East to Property Line	\$ 1,000,000
52-771.0 State Route 56/Interstate 15 Interchange Improvements	\$ 580,000
52-773.0 Cherokee Street Improvements	\$ 30,000
52-774.0 34th and 35th at Madison Avenue - Curb, Gutter and Sidewalk (CD3 Sidewalk Study)	\$ 60,000
52-775.0 Old Otay Mesa Road Sidewalk	\$ 200,000
52-776.0 La Jolla Museum Traffic Circle	\$ 150,000
52-777.0 Potomac Street Improvements	\$ 380,000
52-778.0 Fence Along Channel from 62nd to 65th	\$ 75,000
52-779.0 Skyline at Cardiff Improvements	\$ 25,000
52-780.0 La Jolla Mesa Drive Sidewalk	\$ 115,000
52-781.0 San Diego River Path Study: Fashion Valley Rd to Qualcomm Stadium to Princess Vi	\$ 75,000
52-782.0 South 38th Street Improvements	\$ 100,000
53-050.0 North Torrey Pines Road Bridge over Los Penasquitos Creek	\$ 112,000
53-061.0 Laurel Street (Cabrillo) Bridge over Highway 163 - Structural Retrofit	\$ 276,000
54-012.0 Shoal Creek Pedestrian Bridge	\$ 50,000
58-007.0 Overhead/Other City Costs for Streets Projects	\$ 75,000
58-203.0 Taylor Street - Bikeway	\$ 250,000
58-204.0 Minor Bicycle Facilities	\$ 15,000
59-021.0 Transporation Grant Matches	\$ 3,296,086
59-023.0 Five Year Planning	\$ 600,000

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

FY2008 Appropriation

Engineering and Capital Projects (continued)

61-001.0 Traffic Control/Calming Measures	\$ 600,000
68-001.0 Traffic Signals - Cooperative Projects	\$ 200,000
68-006.0 Guard Rails	\$ 300,000
68-010.0 Traffic Signals - Citywide	\$ 400,000
68-011.0 Traffic Signals - Modifications/Modernization	\$ 850,000
68-017.0 School Traffic Safety Improvements	\$ 200,000
68-020.0 Pacific Highlands Ranch Traffic Signals	\$ 1,000,000
Engineering and Capital Projects Total	\$ 134,533,162

Environmental Services

32-010.0 Unclassified Disposal/Burn Site Closures	\$ 55,000
32-011.0 Arizona Landfill - Closure	\$ 55,000
32-017.0 Annual Allocation - Groundwater Monitoring Network	\$ 230,000
32-018.0 South Chollas Landfill - Gas Upgrades	\$ 37,000
32-022.0 Arizona Landfill Gas Utilization	\$ 250,000
32-024.0 South Miramar Landfill Slopes	\$ 1,500,000
33-084.0 Underground Hazardous Materials Storage Tanks	\$ 916,000
37-004.0 Annual Allocation - Minor Landfill Requirements	\$ 230,000
37-041.0 Citywide Energy Improvements	\$ 450,000
37-056.0 West Miramar Refuse Disposal Facility - Phase II	\$ 250,000
37-254.0 Future Waste Management Disposal and Processing Facilities	\$ 1,850,000
Environmental Services Total	\$ 5,823,000

General Services

13-005.0 Annual Allocation - Emergency Drainage Projects	\$ 4,777,099
37-064.0 Annual Allocation - ADA Improvements	\$ 12,293,675
37-068.0 Annual Allocation - City Facilities Improvements	\$ 5,300,000
59-001.0 Resurfacing of City Streets	\$ 19,500,000
59-002.0 Sidewalks - Replacement and Reconstruction	\$ 2,000,000
63-002.0 Traffic Signals - Replace Obsolete Controllers	\$ 150,000
General Services Total	\$ 44,020,774

Metropolitan Wastewater

40-930.0 Otay Mesa Trunk Sewer	\$ 922,300
40-933.0 Annual Allocation - MWW Trunk Sewers	\$ 8,048,600
41-926.0 Annual Allocation - Metropolitan System Pump Stations	\$ 6,330,895
41-927.0 Annual Allocation - Pump Stations 64, 65, Penasquitos and East Mission Gorge	\$ 1,763,600
41-929.0 Pump Station Upgrades	\$ 2,664,979
41-936.0 Pump Station 64 Electrical System Upgrades	\$ 239,200
41-942.0 NCWRP Sludge Pump Station Upgrade	\$ 20,800
41-944.0 NCWRP Effluent Pump Station Upgrade	\$ 81,120
42-913.0 Annual Allocation - Metro Biosolids Center	\$ 1,340,000
42-926.0 Annual Allocation - North City Water Reclamation Plant	\$ 928,600
42-930.0 SBWRP Demineralization Facility Phases 1&2	\$ 114,400
44-001.0 Annual Allocation - Sewer Main Replacements	\$ 11,353,331
45-915.0 Pump Station 2 Onsite Standby Power	\$ 4,501,481
45-932.0 Annual Allocation - South Bay Water Reclamation Plant	\$ 151,424

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

FY2008
Appropriation

Metropolitan Wastewater (continued)

45-940.0 Wet Weather Storage Facility - Phase 1	\$ 632,640
45-943.0 Point Loma - Grit Processing Improvements	\$ 243,600
45-956.0 Annual Allocation - Metro Operations Center	\$ 191,887
45-961.0 South Metro Sewer Rehabilitation, Phase 3B	\$ 157,506
45-964.0 North City Raw Sludge / Point Loma Cathodic Protection	\$ 16,300
45-965.0 Environmental Monitoring and Tech Services Lab Boat Dock	\$ 2,324,253
45-966.0 Metro Facilities Control System Upgrade	\$ 5,132,583
45-975.0 Annual Allocation - Developer Projects	\$ 560,800
45-981.0 MBC Standby Centrifuge Feed Facilities	\$ 250,120
45-982.0 MBC Centrate Collection Upgrades	\$ 532,200
45-984.0 MBC Biosolids Storage Silos	\$ 1,553,760
45-988.0 MBC Wastewater Forcemain Extension	\$ 193,560
45-989.0 MBC Odor Control Facility Upgrades	\$ 610,680
46-050.0 Annual Allocation - Pipeline Rehabilitation	\$ 28,258,400
46-106.0 Annual Allocation - Sewer Pump Station Restorations	\$ 2,699,822
46-119.0 Annual Allocation - Point Loma Treatment Plant/Related Facilities	\$ 1,489,085
46-169.0 East Mission Gorge Force Main Rehabilitations	\$ 418,080
46-193.0 Annual Allocation - CIP Contingencies	\$ 2,729,944
46-194.0 Annual Allocation - Trunk Sewer Rehabilitations	\$ 8,927,881
46-195.6 East Point Loma Trunk Sewer	\$ 100,000
46-195.8 Miramar Road Trunk Sewer	\$ 534,466
46-197.9 Lake Murray Trunk Sewer - In Canyon	\$ 100,000
46-205.0 Harbor Drive Trunk Sewer Replacement	\$ 108,160
46-206.0 Annual Allocation - Accelerated Projects	\$ 20,000
46-502.0 Annual Allocation - Clean Water Program Pooled Contingencies	\$ 688,499
46-505.0 Annual Allocation - Unscheduled Projects	\$ 2,121,600
46-602.6 Pump Station 79	\$ 1,622,400
Metropolitan Wastewater Total	\$ 100,678,956

Office of the Chief Information Officer

37-508.0 Public Safety Communications Project	\$ 3,324,548
92-000.0 Enterprise Resource Planning	\$ 16,300,000
Office of the Chief Information Officer Total	\$ 19,624,548

Park and Recreation

20-010.0 Annual Allocation - Resource-Based Open Space Parks	\$ 265,000
20-013.0 Park and Recreation Grant Match Funding	\$ 446,955
20-100.3 Old Mission Dam Preservation	\$ 250,000
22-960.0 Fiesta Island Infrastructure Improvements	\$ 38,921
22-965.0 Mission Bay Improvements (Ordinance no. 0-19113)	\$ 2,500,000
25-008.0 Balboa Park Golf Course: Concrete Step and Hand Railing Replacement	\$ 100,000
25-015.0 Mission Bay Golf Course and Practice Center - Existing Building Improvements	\$ 250,000
25-016.0 Mission Bay Golf Course and Practice Center - New Practice Area Upgrade	\$ 200,000
25-019.0 Balboa Park Golf Course - Irrigation System - Upgrades	\$ 1,800,000
25-020.0 Torrey Pines Golf Course - Irrigation & Fence Upgrades	\$ 250,000
29-424.0 Beyer Boulevard Local Staging Area and Trail	\$ 66,000
29-482.0 Carmel Valley Neighborhood Park - Neighborhood #8	\$ 1,250,000

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

**FY2008
Appropriation**

Park and Recreation (continued)

29-541.0 Pacific Breezes Community Park (Ocean View Hills Community Park)	\$ 8,112,000
29-547.0 Torrey Highlands Neighborhood Park	\$ 1,403,605
29-548.0 Torrey Highlands Trail System	\$ 199,278
29-611.0 Rancho Encantada Bicycle, Pedestrian, and Equestrian Trail System	\$ 110,000
29-666.0 San Diego River Park Master Plan	\$ 507,000
29-680.0 Windansea Improvements	\$ 350,000
29-688.0 Del Sur Neighborhood Park North (Black Mountain Neighborhood Park North)	\$ 925,000
29-692.0 Annual Allocation - Public Roads Supporting Park Access	\$ 250,000
29-738.0 Hourglass Field Community Park - Field House	\$ 1,523,455
29-756.0 Camino Ruiz Neighborhood Park - Development	\$ 157,000
29-757.0 Mira Mesa Community Park - Expansion (Carroll Neighborhood Park - Development)	\$ 7,244,000
29-865.0 Home Avenue Neighborhood Park - Development	\$ 250,000
29-893.0 Memorial Community Park - Miscellaneous Pool Improvements	\$ 72,037
29-909.0 Regional Park Improvements	\$ 200,000
29-910.0 Open Space Improvements	\$ 230,000
29-913.0 Coastal Bluff Erosion and Access	\$ 150,000
29-918.0 Hourglass Field House Parking Areas	\$ 400,000
29-942.0 Otay Valley Regional Park-Beyer Way Equestrian & Regional Staging Area & Trail	\$ 200,000
29-943.0 Mission Trails Regional Park Resource Mgmt Plan	\$ 148,000
29-944.0 Florida Canyon Drainage and Trail Improvements and Exotic Plant Removal	\$ 357,000
39-010.0 Talmadge Streetscape and Lighting Improvements	\$ 90,000
39-011.0 Switzer Canyon/30th Street Bridge Enhancement Program	\$ 5,000
39-209.0 El Cajon Boulevard Commercial Revitalization - Interstate 805 to 54th Street	\$ 70,000
52-533.0 Mission Beach - Boardwalk Widening	\$ 100,000
52-719.0 Mission Beach Bulkhead Preservation	\$ 200,000
Park and Recreation Total	\$ 30,670,251

Real Estate Assets

31-001.0 Annual Allocation - Montgomery Field	\$ 300,000
31-300.0 Brown Field - Airfield Electrical and Lighting System	\$ 1,500,000
34-200.0 Annual Allocation - QUALCOMM Stadium Improvements	\$ 750,000
Real Estate Assets Total	\$ 2,550,000

San Diego Fire-Rescue

33-086.0 Otay Mesa and Otay Mesa/Nestor Fire Station	\$ 750,000
33-105.0 Fire Station 47 - Pacific Highlands Ranch	\$ 4,026,346
San Diego Fire-Rescue Total	\$ 4,776,346

Water

70-942.0 Annual Allocation - CIP Contingencies-Reclaimed Water Distribution System/RWDS	\$ 606,882
70-949.0 Annual Allocation - Reclaimed Water Extension	\$ 520,000
70-954.0 North City Reclamation System	\$ 2,179,968
70-957.0 Harbor Drive Pipeline	\$ 155,288
73-024.0 Annual Allocation - Freeway Relocation	\$ 3,103,469
73-083.0 Annual Allocation - Water Main Replacements	\$ 31,168,800
73-261.3 Alvarado Water Treatment Plant -Upgrade and Expansion	\$ 13,206,565
73-263.0 Annual Allocation - Water Pump Station Rehabilitations	\$ 433,327

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CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS

FY2008
Appropriation

Water (continued)

73-277.0 Annual Allocation - Standpipe and Reservoir Rehabilitations	\$ 468,000
73-284.0 Miramar Water Treatment Plant - Upgrade and Expansion	\$ 44,579,553
73-285.0 Otay Water Treatment Plant - Upgrade and Expansion	\$ 19,242,349
73-286.0 Otay Second Pipeline Improvements	\$ 7,547,401
73-310.0 Annual Allocation - Corrosion Control	\$ 62,333
73-314.0 San Diego 17 Flow Control Facility and Pump Station	\$ 1,188,144
73-317.0 Barrett Reservoir Outlet Tower Upgrade	\$ 107,640
73-331.0 Annual Allocation - CIP Contingencies	\$ 5,616,076
73-333.0 Annual Allocation - Air Valve Adjustments and Relocations	\$ 623,999
73-342.0 Rancho Penasquitos Pump Station	\$ 5,831,808
73-347.1 Program Management	\$ 4,160,000
73-361.0 Annual Allocation - Meter Boxes	\$ 520,000
73-900.0 Annual Allocation - Pressure Reduction Facility Upgrades	\$ 52,000
74-925.0 Annual Allocation - Dams and Reservoirs	\$ 260,000
75-931.0 Water Department Security Upgrades	\$ 3,941,650
Water Total	\$ 145,575,252

TOTAL CAPITAL IMPROVEMENTS PROGRAM APPROPRIATIONS	\$ 491,636,238
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TOTAL COMBINED APPROPRIATIONS	\$ 2,915,517,597
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ATTACHMENT 2
Excerpt from Council Policy 100-03: Transient Occupancy Tax
Attachment A: General Requirements and Conditions
Section B: Funding

1. Expenses must be both incurred and paid by an organization before the City will release funding to the organization, except as otherwise may be provided.
2. Expenses must be incurred during the City's fiscal year (July 1 - June 30) for which the program is funded, except as otherwise may be provided.
3. City funds may not be used for alcoholic beverages. In addition, City funds may not be used for travel, meals, lodging, or entertainment expenses, except as otherwise may be provided. Waivers to this provision will be considered for expenditures within the Economic Development Program categories. Organizations receiving waivers may use City funds for travel, meals, or lodging within the following parameters:
 - a. Travel – when use of public air carrier transport is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of coach airfare only. City funds may not be applied toward any upgrades.
 - b. Meals – when provision of meals is required in order to perform the contractual scope of services to the City, City funds may be applied toward a maximum of \$50 per day per person for meals (excluding sales tax and a maximum 15% gratuity, which are also eligible expenses). This daily maximum is further limited by meal, as follows: \$10, \$15, and \$25 are the maximum City funds that can be applied toward breakfast, lunch, and dinner, respectively, per person. If alcoholic beverages are consumed with meals, they may not be paid for with City funds. In the event that meals are provided to individuals who are not members of the funded organization within the scope of a business development meeting, documentation containing the purpose of the meeting, the benefit to the City, and a list of attendees must be provided to the City in order for City funding to be utilized.
 - c. Lodging – when out-of-town lodging is required in order to perform the contractual scope of services to the City, City funds may be applied toward the equivalent of the cost of a standard room in a business class hotel, or toward the conference rates of the host hotel when attending a conference.
 - d. Sponsorships – the City acknowledges the business requirement of event sponsorships by promotional organizations in order to market San Diego as a convention destination in a highly competitive market, and to attract businesses to the region. The primary objective of a funded organization's participation in such events is to gain exposure for San Diego and secure access to important decision makers representing prominent convention groups and businesses. Financial sponsorship of such events is an acceptable application of City funds. If alcoholic

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beverages are consumed during event sponsorships, they may not be paid for with City funds.

4. City funds will be used only to assist an organization in its annual operating program or in its sponsorship of special events. City funding will not be used for capital or equipment outlay, for the purchase of awards, trophies, gifts, or uniforms, nor for the buildup of reserves.

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ATTACHMENT 3

OFFICE OF
THE CITY ATTORNEY
CITY OF SAN DIEGO

1200 THIRD AVENUE, SUITE 1620
SAN DIEGO, CALIFORNIA 92101-4178
TELEPHONE (619) 236-6226
FAX (619) 236-7215

Michael J. Aguirre
CITY ATTORNEY

MEMORANDUM OF LAW

DATE: July 20, 2007

TO: Honorable Mayor and City Council Members

FROM: City Attorney

SUBJECT: Legality of Proposal to Require the City Attorney to Obtain City Council Approval Before Filing Cases

INTRODUCTION

On Monday, July 23, 2007, the City Council will consider the Fiscal Year 2008 Appropriation Ordinance (Item 205). The item includes a recommendation that the City Council adopt the FY 2008 Appropriation Ordinance, with certain changes considered at the Budget and Finance Committee's meeting on July 11, 2007. In particular:

- 3) Incorporate language of the July 10, 2007, Council President Peters' and Councilmember Hueso's memorandum regarding litigation expenses, deleting the title. (Councilmembers Atkins, Peters, and Madaffer voted yea. Councilmembers Frye and Faulconer voted nay.)

The language in the July 10, 2007 memorandum seeks to limit the City Attorney's authority to file cases by requiring pre-approval by the Council, except in limited situations. It also would require the City Attorney to dismiss actions not approved by the Council. (See, July 10, 2007 memorandum from Councilmembers Peters and Hueso).

The proposed language is flawed in several ways. First, the Council may not limit the City Attorney's authority, obligations, and duties as set forth in state law and Charter section 40. Second, the Appropriation Ordinance is intended as a vehicle to enact the budget and should not contain policy matters. Third, the proposed language infringes on the City Attorney's ability to protect the public interest. Therefore, if this proposal is adopted, it will have no legal force or effect.

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Honorable Mayor and
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The proposal attempts to usurp the people's right to have an independent City Attorney that will make decisions that are in the people's best interests and without interference by the legislative body. The people elected the City Attorney to prosecute cases, not the City Council. Further, the people have decided the duties of the City Attorney as reflected in the Charter. Any attempt to undermine the role of the City Attorney undermines the will of the people.

QUESTION PRESENTED

May the Council include in the Appropriation Ordinance a section to require that the City Attorney seek Council approval prior to filing any action and dismiss a legal action not approved by the Council?

SHORT ANSWER

No. The Council may not limit the City Attorney's statutory and Charter authority to file cases. State law provides that a City Attorney may file a civil action for a violation of the California False Claims Act. Any action by the City Council to limit that authority would be contrary to state law. Under Charter section 40, the City Attorney is the chief legal advisor to the City. The Charter imposes no limitations on the authority of the City Attorney to file actions on behalf of the City, including any requirement to obtain Council approval prior to filing any action. Further, the Council has no authority to direct that the City Attorney dismiss any action.

ANALYSIS

I. The Proposal is Preempted by State Law.

The California False Claims Act (Cal. Gov't Code §§ 12650-12656) [CFCA] is designed to prevent fraud on the public treasury and ultimately to protect the public fisc. *State v. Altus Finance*, 36 Cal. 4th 1284, 1296-1297 (2005). It provides that any person who knowingly submits a false claim to the State of California, or to a political subdivision, may be liable in a court action for treble damages and civil penalties. *State ex rel. Harris v. PricewaterhouseCoopers, LLC*, 39 Cal. 4th 1220, 1223 (2006) (*PwC*); §§ 12651, 12652. For purposes of the CFCA, a political subdivision includes "any city, city and county, county, tax or assessment district, or other legally authorized local government entity with jurisdictional boundaries." *Id.* at 1227; § 12650(b)(3).

In *PwC*, the Supreme Court considered who may prosecute actions under the CFCA:

The CFCA specifies in detail who may bring and prosecute actions under that statute, depending on whether state or political subdivision funds are involved. If *state* funds are involved, the *Attorney General* may bring the action. (Gov. Code, § 12652, subd. (a)(1).) If *political subdivision* funds are involved, the action may be brought by the political subdivision's 'prosecuting authority' (*id.*, § 12652, subd. (b)(1)), i.e., 'the *county counsel*, *city attorney*, or other local government official charged with investigating, filing, and conducting

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civil legal proceedings on behalf of, or in the name of, *[the] particular political subdivision* (*id.*, § 12650, subd. (b)(4), italics added). Where both state and political subdivision funds are involved, each of these officials may intervene, on *behalf of the public entity he or she represents*, in an action initiated by the other. (*Id.*, § 12652, subds. (a), (b).)

The City Council does not have a role in deciding whether to file a claim under the CFCA. The California Supreme Court has implied that local prosecuting authorities may "unilaterally" initiate actions under the California False Claim Act. *Wells v. One2One Learning Foundation*, 39 Cal. 4th 1164, 1183 (2006). As a practical matter, it is also in a defrauded city's best interest to have its prosecuting authority file the action as expeditiously as possible - doing so would allow the city to foreclose participation by a qui tam plaintiff, who would reduce the city's potential recovery. In light of the Act's purpose to protect the public fisc and the incentives the Act provides to public and private plaintiffs, a city should not be able to prevent its own "prosecuting authority" from initiating a similar lawsuit on its behalf, especially when that prosecuting attorney is elected by the public.

II. The City Council May Not Limit the City Attorney's Authority, Obligations, and Duties as Set Forth in Charter Section 40.

A city council possesses no authority after a charter is adopted by the voters to thereafter pass any law which would limit, alter, or amend any of the provisions of the city charter. *Harder v. Denton*, 9 Cal. App. 2d 607 (1935). Under section 40 of the City Charter, the City Attorney is the "chief legal advisor of, and attorney for the City and all Departments and offices thereof in matters relating to their official powers." Further, section 40 provides that the City Attorney shall "perform all services incident to the legal department; . . . to prosecute or defend, as the case may be, all suits or cases to which the City may be a party; . . . to prosecute for all offenses against the ordinances of the City and for such offenses against the laws of the State as may be required of the City Attorney by law." Accordingly, the plain language of Charter section 40 grants the City Attorney the authority to prosecute actions to protect the public interest. Moreover, "[T]he city council cannot relieve a charter officer of the city from the duties devolving upon him by the charter." *Scott v. Common Council of the City of San Bernardino*, 44 Cal. App. 4th 684, 695 (1996).

The Charter does not, in any respect, require that the City Attorney obtain City Council approval prior to filing a claim or defending the City in any action. However, the City Council may require that the City Attorney file certain actions in certain circumstances. First, the City Attorney is required "upon the order of the Council" to sue for injunction relief to ". . . restrain the misapplication of funds of the City or the abuse of corporate powers, or the execution or performance of any contract made in behalf of the City which may be in contravention of the law or ordinances governing it, or which was procured by fraud or corruption." Second, the City Attorney is required "upon the order of the Council" to seek a court order "to compel the performance of duties of any officer or commission which fails to perform any duty expressly enjoined by law or ordinance." Thus, while the City Attorney has unfettered authority under

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Charter section 40 to prosecute actions in the name of the City, the two provisions above are the only instances in which the Council has the authority to direct the City Attorney.

The legislative history of Charter section 40 confirms the independence of the City Attorney from the City Council. As discussed in an April 26, 2005 report by the City Attorney:

The duty of the City Attorney is to give legal advice to every department and official of city government on municipal matters. He must also act as the representative of various departments before the courts. He should occupy an independent position so that his opinions would not be influenced by any appointive power. For this reason he should be elected by the people. If elected, the city attorney is in the position of complete independence (sic) and may exercise such check upon the actions of the legislative and executive branches of the local government as the law and his conscience dictate.

"Report on the Role of the City Attorney as Independent Representative of the People and City of San Diego,"

<http://www.sandiego.gov/cityattorney/pdf/role050426.pdf> at p. 6.

In drafting the reform charter of 1931, the board of freeholders decided to create an elected City Attorney in order to insulate that position from the influences of "appointed" power. In so doing, the express intent of the charter changes was to repose in the City's chief legal representative the power and obligation to prosecute legal claims on behalf of the citizens. As the Court of Appeal in *Scott v. Common Council* stated: "[T]he legislative body cannot act in excess of its authority by first eliminating mandatory government functions, such as the investigative function of the city attorney in this case." *Id.* at 697. Accordingly, the intent of Charter section 40 is to give the City Attorney independence from the City Council before prosecuting or initiating cases on behalf of the City.

III. The Purpose of the Appropriation Ordinance is to Enact the Budget, Not to Give Policy Direction.

The purpose of the Appropriation Ordinance is to provide spending authority for City operation for Fiscal Year 2008 and to enact the City Budget. This is what differentiates the Appropriation Ordinance from other City legislation. Under Charter section 71, "the Council shall prepare an appropriation ordinance using [the Budget] as a basis." Under the Strong Mayor form of government, the Budget is proposed by the Mayor [Charter Section 265(b)(15)] and ultimately approved by the Council after a formal negotiation process with the Mayor [Charter Section 290(b)(2)(C)]. At the conclusion of that process, the Appropriation Ordinance becomes the "controlling document for preparation of the Annual Appropriation Ordinance for the ensuing fiscal year."

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The Appropriation Ordinance is an improper vehicle for enunciating policy. The Mayor expressly has no veto power over the Appropriation Ordinance making any policy matters attached to the Appropriation Ordinance particularly suspect. In fact, at the same time the Council will consider adoption of the proposed Appropriation Ordinance, the Council will also consider adoption of a Statement of Budgetary Principles. It is notable that such document includes a principle that the Appropriation Ordinance shall not be used to establish policy directions. Accordingly, the Charter does not permit the Council to add policies in the Appropriation Ordinance and thereby deprive the Mayor of his right to veto such policies.

Moreover, the Appropriation Ordinance is intended to last only one fiscal year. If the Council desires to adopt policies, it should do so by other means. Otherwise, the policy would expire unless readopted each year. Further, the Appropriation Ordinance has strict timelines for adoption. In particular, it has to be adopted during July of each year. By placing last minute, extraneous policies in the Appropriation Ordinance, the Council is under pressure to make hasty decisions. Similarly, a Councilmember may feel undue pressure to accept policy changes so that the Appropriation Ordinance is adopted and to ensure programs are timely funded. The matter of limiting the City Attorney's authority should be more fully discussed, debated, and analyzed. It should not be raised only days before the Council must adopt the Appropriation Ordinance.

IV. The City Council May Not Infringe on the City Attorney's Duty to Protect the Public Interest.

The proposed language limits the ability of the City Attorney to protect the public interest. While the proposal attempts to provide an exception for cases in which the City Attorney faces a statute of limitation deadline, there are other situations where the public interest requires that the City Attorney move expeditiously without Council approval. The proposal ignores cases where the health and safety of citizens or other vital interests of the City are at risk and demand immediate redress. The City Attorney must have the authority to act promptly and use all appropriate resources in matters affecting the public health and safety.

The proposed language also requires the City Attorney to dismiss "without prejudice" any action not approved by the City Council. The City Attorney is obligated to dismiss such action whether or not there is a vital public interest at stake, including serious health and safety risks. Under the proposal, the Council would usurp the unique legal determinations that are vested in the elected City Attorney. Under the proposal, there would be no options to conduct the litigation with City staff, or seek alternative means of pursuing the action. This provision of the proposed language clearly violates Charter section 40 and is void.

The independence of the City Attorney also ensures that politically sensitive cases may be pursued without first obtaining the approval of the Council. Such cases could be avoided though Council inaction and the requirement to minimize expenditures pending approval would limit potential legal strategies and compromise the outcome if the case is approved. If this proposal had been in place last year, the City Attorney would not have had the authority to file the case against Sunroad for violating Federal Aviation Administrative regulations by

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Honorable Mayor and
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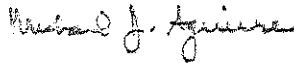
July 20, 2007

constructing a building that was a public safety hazard. Delays in prosecuting this case would have significantly impaired the litigation strategy of the City.

CONCLUSION

The proposal to require that the City Attorney obtain Council approval is flawed in several ways. First, the proposal is preempted by state law. The California Supreme Court has implied that local prosecuting authorities may "unilaterally" initiate actions under the California False Claim Act. Second, it is clear that the Council may not limit the City Attorney's authority, obligations, and duties as set forth in Charter section 40. The Charter imposes no limitations on the authority of the City Attorney to file actions on behalf of the City, including any requirement to obtain Council approval prior to filing any action. Third, the Appropriation Ordinance is intended as a vehicle to enact the budget and should not contain policy matters. Finally, the proposed language infringes on the City Attorney's ability to protect the public interest. For all the above reasons, if this proposal is adopted, it will have no legal force or effect.

MICHAEL J. AGUIRRE, City Attorney



By

Michael J. Aguirre
City Attorney

MJA:jab
ML-2007-10

0-12652

Attachment F

Passed by the Council of The City of San Diego on JUL 30 2007, by the following vote:

Council Members	Yeas	Nays	Not Present	Ineligible
Scott Peters	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
* Kevin Faulconer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Toni Atkins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Anthony Young	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brian Maienschein	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
* Donna Frye	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jim Madaffer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ben Hueso	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 2,6 - Nay on Section 15 and on sending a letter to the State Attorney General.

Date of final passage JUL 30 2007.

AUTHENTICATED BY:

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Mary Zumaya, Deputy

I HEREBY CERTIFY that the foregoing ordinance was passed on the day of its final passage, to wit, on

JUL 30 2007, said ordinance being of the kind and character authorized for passage on its introduction by Section 16 of the Charter.

~~I FURTHER CERTIFY that the final reading of said ordinance was in full.~~

I FURTHER CERIFY that the reading of said ordinance in full was dispensed with by a vote of not less than a majority of the members elected to the Council, and that there was available for the consideration of each member of the Council and the public prior to the day of its passage a written or printed copy of said ordinance.

(Seal)

ELIZABETH S. MALAND

City Clerk of The City of San Diego, California.

By Mary Zumaya, Deputy

Office of the City Clerk, San Diego, California

Ordinance Number O-19652

RESOLUTION NUMBER R- 302881DATE OF FINAL PASSAGE AUG 01 2007RESOLUTION OF THE COUNCIL OF THE CITY OF SAN
DIEGO ADOPTING THE STATEMENT OF BUDGETARY
PRINCIPLES WITH RESPECT TO ADMINISTRATION BY
THE MAYOR OF THE FISCAL YEAR 2008 BUDGET

WHEREAS, in accordance with sections 71 and 290 of the Charter, on the date hereof the Council has adopted the Appropriation Ordinance in order to provide for the appropriation and expenditure of funds for the Fiscal Year 2007-2008; and

WHEREAS, the Mayor and the Council desire to provide for a more effective administration of the Fiscal Year 2008 budget; and

WHEREAS, the Independent Budget Analyst, in consultation with the Mayor, has prepared a Statement of Budgetary Principles (attached hereto as Exhibit A) which acknowledges the duties of the Mayor as Chief Budget Officer and Chief Fiscal Officer of the City, and the Council as sole legislative and law making body of the City; and

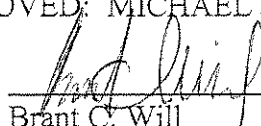
NOW, THEREFORE, BE IT RESOLVED by the Council of the City of San Diego, as follows:

Section 1. That the Council hereby adopts the Statement of Budgetary Principles.

Section 2. This resolution shall go into effect immediately.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By



Brant C. Will
Deputy City Attorney

BCW:jdf
07/13/07
Or.Dept:IBA
R-2008-74

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of JUL 23 2007.

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 8.1.07
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

STATEMENT OF FISCAL YEAR 2008 BUDGETARY PRINCIPLES

WHEREAS, pursuant to section 265(b)(15) of the City Charter the Mayor is required to propose a budget to the Council and make it available for public view no later than April 15 of each year; and

WHEREAS, on April 13, 2007, the Mayor released the Fiscal Year 2008 Budget to the Council and to the public; and

WHEREAS, the Council has duly considered the Mayor's Fiscal Year 2008 Budget and discussed such budget at several public meetings beginning on April 25, 2007 and ending on May 23, 2007, and at such meetings members of the public were invited to comment on and ask questions about the Fiscal Year 2008 Budget; and

WHEREAS, on May 16, 2007, the Mayor delivered a supplementary budget report to the Council making technical changes to the Fiscal Year 2008 Budget; and

WHEREAS, on May 21, 2007, each Council member delivered his or her budgetary priorities for the Fiscal Year 2008 budget for review by the City's Independent Budget Analyst; and

WHEREAS, on June 6, 2007, the Budget and Finance Committee reviewed the Report of the Independent Budget Analyst, dated June 1, 2007, entitled "Recommended Changes to the Mayor's Proposed Fiscal Year 2008 Budget, and recommended adoption of the Mayor's Fiscal Year 2008 Budget, including certain amendments thereto; and

WHEREAS, on June 11, 2007 the Council approved the Fiscal Year 2008 Budget, together with certain amendments thereto, and forwarded the same to the Mayor for his consideration under Charter section 290(b)(2); and

WHEREAS, in accordance with Charter section 290(b)(2), on June 20, 2007 the Fiscal Year 2008 Budget became the controlling document for purposes of preparing the annual appropriation ordinance; and

WHEREAS, pursuant to Charter section 71 and 290(c), the Council is required to adopt an appropriation ordinance during the month of July to establish budgetary appropriations for the Fiscal Year 2008 Budget; and

WHEREAS, the Mayor and the Council acknowledge that the Fiscal Year 2008 Budget reflects the best estimate of the Mayor and the Council regarding projected revenues and expenditures and that such estimate is simply a financial plan that may require adjustments in view of the available resources; and

WHEREAS, this Statement of Budgetary Principles is intended to facilitate better communication on fiscal matters between the Council and the Mayor and to establish a

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framework for the administration by the Mayor of the Fiscal Year 2008 Budget in light of the respective duties of the Mayor as Chief Executive Officer and Chief Budget Officer of the City, and the duties of the Council as the legislative and policy setting body of the City, and in light of the obligation of public officials to keep the public apprised of the conduct of the City's financial affairs;

Accordingly, the Mayor and the Council hereby agree to adhere to the following budgetary principles for the Fiscal Year 2008 Budget:

Fiscal Year 2008 Budget---Communication

1. The Mayor, or his designee, will provide reports to the Council on a quarterly basis regarding the administration of the affairs of the City. These reports can be given verbally, and are intended to improve the flow of information between the Mayor, Council and public.
2. The Council President will provide time on the Council's agenda for the Report of the Mayor.
3. Under pre-defined criteria as set forth below, the Mayor will provide Council with prior written notice of the elimination of any program or service funded by the Fiscal Year 2008 Budget. The notice shall describe with reasonable specificity the budgetary and/or fiscal rationale supporting the elimination of the program or service, and the service level impact, if any.
4. The Mayor will also provide Council with prior written notice of a material or significant reduction in any program or service affecting the community based on the criteria set forth below. Such notice will consist of a memo from the Mayor to the Council and the City Clerk describing the budgetary and/or fiscal reasons supporting the change, and the likely service level impact. Notwithstanding the foregoing, the Mayor need not give notice of any change or modification that results in a more efficient delivery of public services and that accomplishes the legislative intent.

Written notification of a service or program reduction will be triggered by criteria based on four categories of Activity Level (OCA) as identified in the City's Financial Accounting System and the corresponding size of the proposed service reduction:

Cost of Activity (OCA)	Up to \$2.0M	\$2.0M to \$5.0M	\$5.0M to \$10.0M	\$10.0 M Plus
Service Criteria Trigger	\$200,000+	\$500,000+	\$1.0M+	\$1.5M+

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Fiscal Year 2008 Budget---Appropriation Ordinance

- 1 Neither the Mayor nor the Council has unilateral authority to make changes to the spending authority contained in the Fiscal Year 2008 Budget.
- 2 The Mayor shall in good faith fulfill the legislative intent reflected in the adopted Fiscal Year 2008 Budget, including the appropriations reflected in the Fiscal Year 2008 Appropriation Ordinance. However, the Mayor has discretion to effectively and efficiently spend public monies, and shall not be obligated to spend all the money the Council has appropriated if there is a less costly means of accomplishing the Council's stated purposes.
- 3 The Council shall have no authority to make or adopt changes to the Fiscal Year 2008 Budget without first receiving a funding recommendation of the Mayor. The Mayor will provide such funding recommendation within 30 calendar days of the Council request, or such later period as contained in the request of the Council.
4. In accordance with Charter sections 28 and 81, the Mayor has the authority to allocate Fiscal Year 2008 Budget appropriations within departments in order to best carry out the Council's legislative intent.
5. The Appropriation Ordinance implements the Fiscal Year 2008 Budget, as approved by the Council. The Appropriation Ordinance shall specify the spending authority by Department and by Fund, and all other conditions, authorizations and requirements appropriate therefore. The Appropriation Ordinance will include necessary budget delegation to carry out the business of the City; provided however, the Appropriation Ordinance will not include Policy directions.
6. The Council may restore a program or service which has been recommended for elimination or reduction by the Mayor by docketing and considering such action upon the request of four Council members.

The Statement of Budgetary Principles applies to departments and programs that are under the direction and authority of the Mayor, and shall not apply to offices independent of the Mayor. This Statement of Budgetary Principles is subject in all respects to the provisions of the City Charter.

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